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& Market Outlook

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WITH THE EDITORS

Know Your Investment Trust

THE investment trust is not a new institution in this country, but its present day popularity is of very recent origin. Only in the past year or two has the number of trusts and the activity of their markets revealed any substantial public following. Today there are said to be nearly 450 of these organizations of various types in the country, which have attracted close to a billion dollars of investors' funds since the beginning of this year. This is indeed striking growth.

Apparently a large number of individuals have been drawn to the investment trust in order to secure the protection of a greater diversity than might ordinarily be possible for one of moderate means. There is also the expectation that the skillful management of the trust's funds in successful market operations will be reflected in rising value for the trust shares.

In some cases this hope has been realized and in others it has not. Which leads to the conclusion that there are strong, well managed and prosperous trusts, buttressed with ample resources and others to which this description cannot be truthfully applied. In other words the selection of an investment trust must be made with the same caution and discrimination which would be employed in any other type of investment. There is the wheat and there is also the chaff—only the two are not so readily distinguishable at this time as they might be under less favorable market conditions. Investment trusts as a group, presently existing, are not yet old enough to have experienced the salutary purge of adversity which must inevitably eliminate these weaker units of inadequate resources.

Numerous types of trusts present themselves for investors' consideration. Some confine their investment to specific industries or particular types of securities, while others run the gamut of investment, with holdings of many varieties of both stocks and bonds. There is no end of choice afforded in this field. But no matter what organization is elected the same care should be observed in the appraisal of the integrity and ability of the management. The degree of return on the trust's funds is exactly in proportion to their skill. An examination of the dividend record, the latest balance sheet and the holdings in the current portfolio will reveal much concerning the operating policy and objectives of the trust. Finally the degree of marketability of the shares must receive consideration. It is just as important to be able to dispose of an investment at will as to effect its initial purchase.

In the Next Issue

Part II of the Mid - Year Dividend Forecast

Giving the dividend prospect and market outlook for leading stocks in important industries, including:

Steel
Mining
Petroleum
Automobiles
Accessories
Tires and Rubber
Mail Order
Department Stores
Chain Stores

Also a miscellaneous group consisting of selected issues of chemical, aviation and specialty stocks.

The MAGAZINE of WALL STREET

INVESTMENT & BUSINESS TREND

Government in Business—A Warless World—Business Situation—A Truce in the Credit War—The Market Prospect

GOVERNMENT IN BUSINESS

THE President, who as Secretary of Commerce was all for keeping government out of business, finds his fate staked on putting the government into business. His Farm Board has made its first momentous move—it has placed $20,000,000 at the disposal of the grain marketing cooperative it has created. For it and similar cooperatives $480,000,000 more is on tap. This money is public money, taken from all the people, from every business, to make a particular business prosperous. No breach in the vault-walls of the treasury is ever closed. Agriculture drives in today and loads the gold bags on trucks. It will keep on coming back, never doubt. Tomorrow labor's treasure trucks may drive in. Every sickening industry may yet take the government gold cure. Somebody has said that socialism would be all right if it were not for the socialists. President Hoover's administration is giving it to us without the socialists. Will it be all right? Only if orthodox political economy is all wrong. Right or wrong, we are on the slippery slide into paternalism—and only one way to go—down.

A WARLESS WORLD?

WHAT if the Kellogg anti-war pact, now in effect, should really usher in an endless reign of peace? Certainly, something new under the sun! All history has been written in the blood of battle. Since civilization emerged in Mesopotamia six thousand years ago there has been war for business and business for war. It is hard to say whether trade has made war or war made trade. War alternating with peace has been the normal course. Every economic structure that has been reared since commerce began has been planned and managed with relation to the last war and the next. Take war out of the world and you excise the chief factor in the world's business up to this time. All reckoning of the future by the historic past will be scrapped. With the fear of war gone forever a tremendous millstone will be lifted from international commerce. The imagination can hardly conceive of the outpouring of industry and commerce that will ensue when the realization comes that no more shall armies destroy and navies blockade. Is it an anti-climax to suggest that perhaps the bull market of these later years is merely discounting a supreme condition of lasting prosperity that now appears for the first time since men began to mingle barter with plunder?

BUSINESS SITUATION

THE summer season has surprised more than a few observers. Expected lethargy in trade and industry, commonly looked for at this time and particularly this year in view of the high rate of operations during the spring, has generally failed to materialize. On the contrary most lines have sustained unusual activity and some have even bettered their position. Steel of course is the outstanding example with operations, despite the excessive heat recently stepped up to 96% of capacity in response to increasing demand from a diversity of consuming industries. More encouragement however is to be derived from recovery exhibited in lines less favorably situated some months ago. Building, for example, which occasioned some concern and whose declining levels were construed as an unfavorable sign for general business has in recent weeks evinced signs of a healthy come-back.

Continued improvement in railroads has also been more definitely reflected in equipment buying than for many months past and signalizes a substantial reversal in the trend of car, locomotive, and other equipment builders. In addition the agricultural situation is improved. Weather conditions have somewhat impaired crop prospects but prices of farm commodities have strengthened to a point where the return to the grower will be more substantial than if bumper crops were to be sold at the levels of a month or so ago. This of course contributes to a well maintained purchasing power in extensive areas. With prices of other commodities also sustained, the earning prospects for a large number of enterprises are improved and early fall prospects are generally viewed with confidence.

A TRUCE IN THE CREDIT WAR

THERE is a big question in the credit situation which has long been under discussion but never satisfactorily decided. This is the question of Federal Reserve Board policy and its effect on the stock market. Does the Federal Reserve Board desire to "control" the securities markets by pulling tight on the nation's purse strings? Or, do the Reserve officials merely seek to counter-balance the admittedly strong influence which the stock market has exerted on the money markets? At times the Board has placed itself at least under strong suspicion of attempting to adopt the former policy. Some critics have generously put such attempts down to rather awkward technique, however, and let the matter rest there. At present, the Board seems content to have the Reserve System function as a counter-balance rather than as a policeman to the stock market. Since the first of the year, the high interest rates prevailing in New York have attracted almost 200 million dollars of foreign gold. The total gold holdings of the Federal Reserve Banks are just 400 million dollars higher than the low point of July, 1928. Ordinarily such a rapid increase in the system's gold holdings would pave the way for excessive credit expansion. Actually in this instance, there is approximately a quarter of a billion less Federal Reserve credit outstanding than there was a year ago. The decrease is due largely to reductions in the Reserve Bank's bill holdings (open market operations) and their liquidation of Government Bonds. This is how the counter-balancing efforts of the Reserve System have been effected in the past. Instead of permitting the member banks to reduce their Reserve borrowing through the gold shipments received from abroad, which might encourage credit inflation later on, the Reserve banks have "mopped up" this potential new credit base by reducing outstanding Reserve credit in the manner discussed above. In the Fall, when seasonal credit demands appear, the Reserve officials will undoubtedly modify their policy and, at least temporarily, re-enter the bill market on their own account. If the money market becomes in dire need of aid, the central banks can release many million of bank credit by adding to their government bond portfolios. This is the counter-balance prepared to swing in the other direction. Thus, after a long period of disconcerting struggle, hostility and misunderstanding, the Reserve Board apparently is content to recognize the existing function of the security market as a reservoir of credit. Presumably, it will engage itself with the less romantic but far more useful function of taking care of overflows and regulating as best it can the channels that feed into this ever growing reservoir.

THE MARKET PROSPECT

IN the face of sustained credit costs and mounting brokers' loans, the stock market is taking its cue from corporate earnings and the current business prosperity which is assumed to be mirrored in these reports. In many respects, the market performs in a manner which would encourage one to believe that it still has room to grow. For one thing, the spectacular advances of the past fortnight have been confined almost entirely to the shares of leading industrial and utility companies, which are deeply rooted in the current prosperity and growth of the nation's business, and are gathering the lion's share of the current business activity through their dominating position in their respective fields. The rails, while following the tempo of this new kind of strictly selective market, have advanced in more moderate proportion, giving them a position of advantage at present. The general run of issues, however, are overshadowed by the brilliancy of the market leaders. A good number of the more speculative secondary issues have definitely lost ground, floundering in the cloud of dust raised by the ten- and twenty-point moves of the market favorites. Notwithstanding the advances of "key" stocks, the general market has not developed any astonishing volume of trading such as is looked for in the culmination of an upward movement. Considerable buying power has been released by the improved quotations during the past month, however, which the pools are likely to try to attract into the "also-ran" stocks. Such performance would be a clue to the shrewd trader to start to let go of issues which he is not willing to carry for more or less permanent investment purposes. The failure of money rates to ease during July and early August, the weekly record breaking reports of brokers' loans, the impending increase in the Bank of England rediscount rate, the thin market noted in the high priced stocks, the weakened technical position of a market which has advanced with little interruption for more than two months—all these factors must be accepted as a warning of the probability of a reversal of the market trend on little notice.

Monday, August 5th, 1929.

Free Trade—Low Tariffs? Never! But We Create 1,500,000,000 Arguments for Them Yearly.

The New Tariff a World Issue

By Theodore M. Knappen

HENRY FORD tells the Finance Committee of the United States Senate that he is opposed to any tariff on motor vehicles.

Speaking for the organized automobile industry as a whole, with which the Ford Motor Company is not affiliated, Alvan Macauley, president of the Packard Motor Car Company and also of the Automobile Chamber of Commerce of the United States, advises the committee to experiment with a reduction of the motor car duty to 10 per cent before "placing our commodity on the free list."

"If this question had been raised to us one or two years ago," Mr. Macauley significantly explained, "I think I am safe in saying that virtually a unanimous answer would have been that we required no tariff for passenger cars. But today, in the event of the removal of the motor vehicle from the dutiable list, and with changing economic conditions abroad, the result might be the invasion of the American market by foreign-made cars. . . . We can not establish the fact that the present duty of 25 per cent ad valorem is justified for motor cars, although there are those who believe it is."

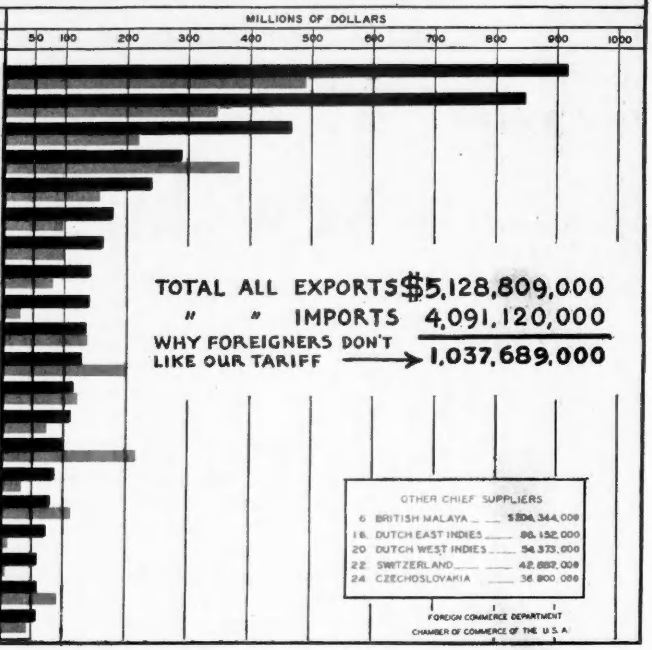
"The changing economic conditions" were described by Mr. Macauley as follows:

> A number of foreign manufacturers of motor cars, feeling keenly the competition of American manufacturers, have recently adopted American methods and equipment, including facilities of all kinds that have been developed in this country, and have engaged American management and skilled talent thoroughly familiar with our best practices, and hope in time to be on a par with American manufacturers, except perhaps in the matter of volume.
>
> *Then, too, we have an increasing number of foreign plants, owned or controlled jointly, by American manufacturers and foreign interests, the ultimate effects of which no one can forecast.*

Mr. Ford, through his export manager; Mr. Macauley, A. P. Sloan, president of the General Motors Corporation, and other representatives of the motor industry appeared before the committee, not on their own initiative but by express invitation of the committee. The reason for this distinction was that it had been remarked that the automobile industry had taken no part in the hegira of industrialists to Washington to demand higher tariffs or the retention of present high ones. It was intimated, even charged on the floor of the Senate, that a considerable part of the unprecedented foreign protest against the proposed tariff law was due to the activities abroad of American manu-

OUR CHIEF MARKETS AND SUPPLIERS IN 1928

COUNTRY	RANK AS- BUYER	RANK AS- SELLER	VALUE OF- U.S. EXPORTS TO-	VALUE OF- U.S. IMPORTS FROM
CANADA	1	1	$916.156.000	$488.999.000
UNITED KINGDOM	2	3	847.277.000	348.435.000
GERMANY	3	4	467.205.000	221.979.000
JAPAN	4	2	288.054.000	384.346,000
FRANCE	5	8	240.691.000	158.656.000
ARGENTINA	6	14	178.899.000	99.485.000
ITALY	7	13	162.135.000	101.812.000
NETHERLANDS	8	17	142.270.000	83.618.000
AUSTRALIA	9	26	141.295.000	31.658.000
CHINA	10	10	136.960.000	140.031.000
CUBA	11	7	127.860,000	202.678.000
MEXICO	12	11	115.652.000	124.522.000
BELGIUM	13	19	111.865.000	75.100.000
BRAZIL	14	5	100.076.000	220.668.000
SPAIN	15	25	86.613.000	35.106.000
PHILIPPINE ISLANDS	16	12	79.806.000	115.478.000
RUSSIA IN EUROPE	17	36	72.504.000	13.948.000
BRITISH SOUTH AFRICA	18	47	59.093.000	9.270.000
COLOMBIA	19	15	58.596.000	94.619.000
SWEDEN	20	22	57.322.000	46.119.000



facturers, having foreign plants. It was suspected that the automobile industry, both by reason of fear that generally higher tariffs would result in a reaction abroad inimical to the interests of its export trade and because of its increasing investments in branch factories or in going foreign plants, had had a hand in the foreign protests.

American Markets for Foreign Production

Thus it came out that the greatest manufacturing industry in the United States, although discreetly remaining in the background of the tariff agitation, favored either free trade in automobiles or a nominal duty of 10 per cent—although the ten percenters took the curse off their attitude, in the opinion of high tariff advocates, by adding that they favored countervailing duties also; that is, duties on foreign cars imported into the United States equivalent to those imposed by the exporting countries on American cars.

Other industries, actively engaged in attempting to persuade Congress to put or keep their products on the free list, or to fix low duties, "made no bones" of their motives. They ingenuously confessed their interest in the American market for the products of their foreign plants. Some of them courageously argued that American capital invested abroad, as in the case of Cuban sugar companies, was entitled to consideration by Congress in framing a tariff act. In other instances representatives of an American industry have contended for free trade or low duties on products other than those of their own industry because the foreign manufacturers of those products were heavy patrons of their industry. A case in point is that of the box shook manufacturers who are opposed to an increased duty on fresh vegetables because the American owned plantations in Mexico that depend entirely upon the American market for their tomatoes purchase hundreds of carloads yearly of shooks manufactured in the United States. Another significant phase of the present tariff controversy is the aloofness of the great financial interests. While, broadly speaking, there has been the intensest recurrence of high tariff demands since the days of McKinley and the Dingley tariff act of 1897, the bankers have been conspicuous by their absence. No silk-hat delegation from Wall Street has appeared to plead the cause of labor and present the general economic interest of the people of the United States in a high tariff. It was otherwise in Mark Hanna's time.

Can the explanation be that the bankers who have placed $15,000,000,000 of American funds abroad are now as much interested in the prosperity of foreign factories as they are in those of the United States? Perhaps they have begun to wonder how they can collect their interest and dividends if America sticks to a policy of high tariffs. Maybe their discreet reticence can be explained by Mr. Macauley's cryptic remark: "Then, too, we have an inreasing number of foreign plants owned or controlled jointly by American manufacturers and foreign interests, *the ultimate effects of which no one can forecast.*" Incidentally, it should be remarked that Mr. Macauley's words reveal a certain uneasiness among the American motor car manufacturers about what may be the "ultimate effects" of American branch plants abroad on concerns that do not have such branches.

Creditors Demand Imports

It is highly significant of future trends that even during a virulent outbreak of high tariff sentiment American interests abroad have prompted protests. It marks the beginning of a split in the ranks of capital and industry, which have hitherto stood as a solid phalanx for high protective tariff duties.

This split is the inevitable consequence of our transition from a debtor to a creditor nation, from an agricultural and raw-material producer and exporter to an industrial community and exporter of manufactured goods.

A debtor nation is interested in having an excess of exports over imports, for that means that it is meeting its obligations—paying interest and dividends, discharging the principal of its foreign debts and acquiring the foreign equities in the properties of its nationals. A predominantly creditor nation may look with equanimity upon an excess

of imports, for that means that it is collecting its income. It will tend toward low tariffs or even free trade and its investors will even encourage foreign countries in their efforts to force their country to lower the barriers to the free entry of foreign goods. A creditor nation, being an aggregate of creditor individuals, will be motivated as the individual is.

A man lends or invests money with a view to receiving an income from it; he will naturally oppose regulations or laws that make it hard for the debtor to pay. He is not always satisfied to balance the account yearly by increasing the amount of his loan or investment in lieu of dividend and interest checks. Stock dividends will not satisfy him forever—he can't eat or wear them. It is true that he doesn't eat coupons or checks, or yet take his income in the goods of the concern in which he is interested; but from a plant within his own country those slips of paper are equivalent to orders on any producer for whatever form he chooses to translate his income into for consumption. But an American investor with a stake in a French factory probably will not care to go to France in order to eat and wear his income. Neither will he be content always to reinvest his earnings in France. To enable him to convert his French draft into things he can consume at home France must export consumable goods, just as the American's home plant must be able to sell its product if its obligations are to be honored.

The situation can be made clearer by a hypothetical case: Suppose that all nations were to impose an embargo against French commodity exports. Then the American investor in a French factory could collect his income only in the shape of gold or its equivalent. In the course of time France would have no gold left to ship to the United States. Then, even though the French domestic market kept the factory busy and prosperous, all the American investor would have would be credits, collectible only in France. He would continue to get pretty checks and drafts but they would be useless to him in the United States. Nobody in the United States would buy his stocks or bonds, and to sell them in France would be only to add to his difficulties. It is obvious that this American lender would soon become a frantic advocate of the removal of the embargoes against French trade. A creditor nation is merely such because the credits of its nationals abroad are in excess of their debits.

Goods Rather Than Gold

As each of the involved nationals will ultimately want to cash in, at least, on his income from his vested credits, so the creditor nation ultimately must find some way to get foreign goods into its possession, that is, to import them. The collection of the principal and income of foreign investments is an integral part of international trade. If there is no trade there will be no collection, finally; for the substitution of gold for goods is possible only to a limited extent.

Gold is not an important commodity; it is the final form of money; and even if it were possible for a debtor nation to discharge all its debts by the shipment of gold, the creditor nation would soon be drowned in cheap money and high prices. In the long run, as between nations, gold is used only to settle comparatively minor current balances. Fundamentally, debts or obligations are paid in goods and services. Which means that creditor nations must finally become importers in excess of their exports.

It is true that three- or more-cornered trade will make it possible for a creditor nation to receive continuously less goods from one or more nations than it exports to each of them. For example, let us say that the United States exports more to France than it buys, whilst it imports from Brazil more than it sells, and Brazil exports to France, to the same exent. It then becomes merely a bookkeeping transaction for the French to pay the United States with what Brazil owes them. But after a while all the triangular or polyangular trades must be balanced and settled. Eventually there must be payments in the form of goods or services between the creditor nation and the rest of the world as a whole, unless the creditor nation is willing

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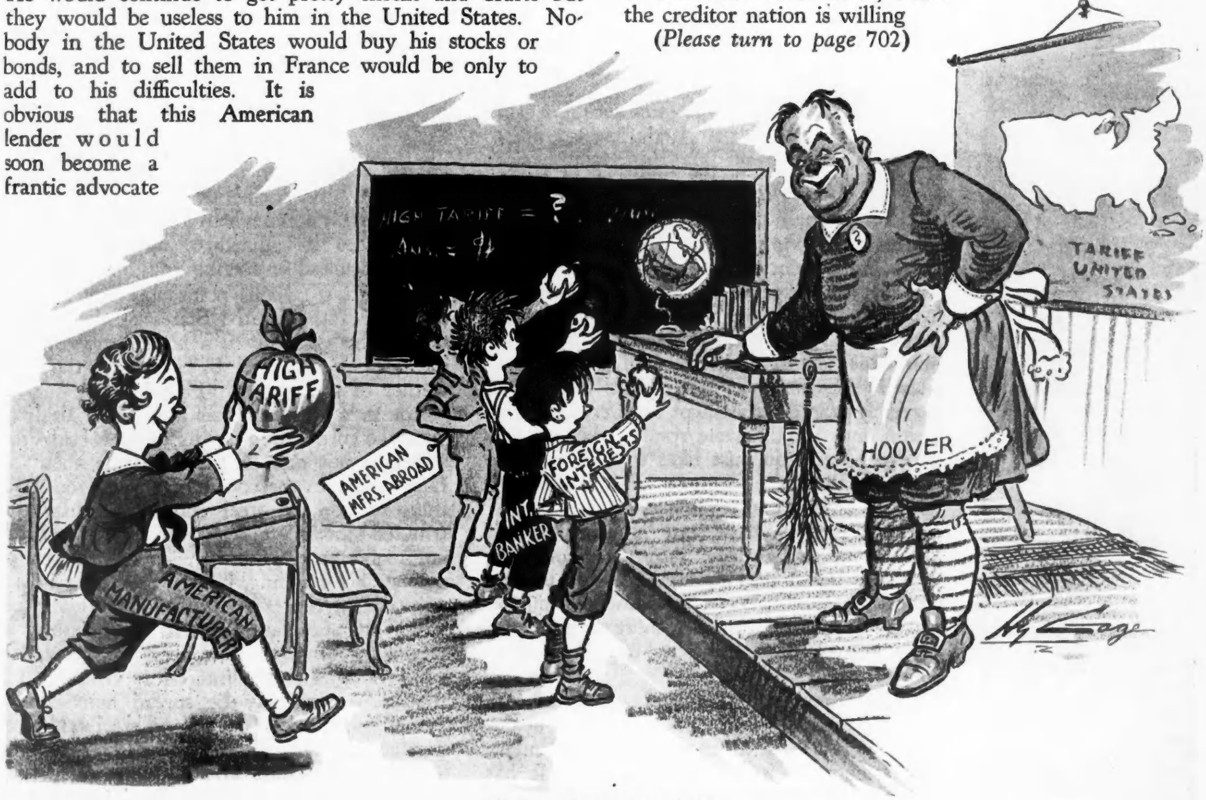


"Who's Teacher's Pet?"

Advertising Plays Important Rôle in Security Values

By A. R. Pinci

CLOSE to a billion and a half dollars will be spent in advertising in the United States during the calendar year 1929, so marking another peak in a series of rapidly rising annual totals. What is more, considerably over half of these vast sums is spent to advertise less than two hundred articles or products with which the American public is familiar. The remainder of the nation's annual advertising appropriations is expended on the millions of miscellaneous items comprising anything from a pencil to an apartment house.

The most important lesson to be drawn from this economic fact is that less than two hundred American concerns are now spending together about one billion dollars annually and that these companies are among the most prosperous, the biggest employers, and their products the most sought after. It may be safely stated that many of these companies figure as most desirable in the investor's mind because their advertising budgets have increased with their capital readjustments and their dividends. From that it can be easily deduced that the biggest advertisers are those whose stocks or bonds, or both, have proved most attractive and profitable to investors generally.

Advertisements and Investments

The question follows, therefore, as to what is, or what has been, the influence of advertised products with respect to investors.

Consider the numerical strength of the stock market's following alone. To say that today there are a hundred investors or speculators for every investor or speculator a generation ago is to answer mathematically, if approximately, a psychological problem. To say that abundance of funds born of prosperity catapulted the moneyed proletariat into Wall Street is as idle a statement as to credit prohibition laws for the same result. And to say, as every neo-economist likes to say, that the war educated the country with respect to security buying and trading is to apply a ten-year-old formula to a state of affairs which can not be so labelled. Any or all of these aforesaid things may have contributed toward producing our national investment complex, but a deeper and probably more subtle cause than any of them has been too often overlooked.

Advertising must be acknowledged as a primary force behind this economic evolution. It is a force which works day and night, unceasingly, indirectly, persuasively. It has engendered familiarity with products and services to a point where the average investor, or speculator too, for that matter, unconsciously felt the urge of buying a fractional ownership of the company or companies producing so many universally desirable or essential things.

The seasoned investor has learned to profit from both advice and experience, and therefore digs deeper into the dividend-producing roots of American business, but the potential investor is likely to want the securities of concerns whose names or products are living by-words, so to speak. Disregarding the specialists, or those following into the specialists' footsteps, investor psychology follows the line of least resistance — and this line leads among and to what may be known as national advertisers.

Prosperous Companies

For national advertisers—in some cases this means international advertisers — mean those companies whose stocks and bonds have been most popular and whose profits have shown the most consistent and progressive gains. In not a few instances these companies have reported the most satisfactory earnings and have correspondingly yielded the highest dividends and most frequent extra dividends.

It is a fact, moreover, that a corporation may be one of an industrial group of famous advertisers, and attract a large investment following even though its own name may rarely appear in advertisements. This alone attests to the terrific force which advertising exerts in addition to its immediate duty of creating greater demand or forcing additional sales.

A fair test of this point may be found in the case of the United States Steel Corporation. This company is a non-advertiser. Yet its stock is regarded by many as the bellwether of the market. Probably not one investor in a thousand has any direct dealings with the corporation or any of its subsidiaries, although not one of that selfsame thousand fails to use, in the course of a year, some one thing which the steel corporation has contributed toward making. Whether in the automobile, or a piece of wire, or the elevator or his office building, United States Steel Corporation is represented profitably. The investor and speculator sense it. This sixth sense is what governs them in their market activities. Sometimes the interest is vicarious, for the investment may be spread among companies who make full use of steel and steel products, to the advantage of all concerned.

But this question arises:

Were the United States Steel Corporation to advertise nationally for a year or two, what

"This newly spread intelligence—which peers at one on the highways of the nation from ornate signs and modest placards, in double-page advertisements and in colorful pictures in our daily papers and magazines—has been a potent factor in the boiling market of Wall Street."

effect would such novel step have on the corporation's securities?

That hypothetical question I have discussed with leading steel men and leading bankers and their composite view is that such advertising would enhance its stock activity and spread.

Institutional Advertising

It seems to have escaped general attention that what is known as institutional advertising is growing by leaps and bounds in this country. It is a sort of continuous visiting card left at the door of the American reader. Do the respective advertisers seek good-will? In a way they do, yet they already have good-will, which may be found on the asset side as worth the customary $1. Nor can it be said that institutional advertising is essential for the retention of this good-will, because this depends solely on the excellence of the respective product and service.

A woman buying a cake of Palmolive soap or sending her wash out because the "laundry does it best," and a man walking "a mile for a Camel" or two blocks for coffee "good to the last drop," oftener than not don't know the exact name of the concerns which combine to make life easier for both, so long as they are merely consumers, but once they step out of this character into the character of investor it takes no time at all for them to connect their favorite articles with the company or group producing them. The chances are in favor of their investing their money with these companies *first.*

A certain politician, once renowned for his often exaggerated views about Wall Street, believed that many companies advertised themselves for the purpose of popularizing their own securities, but while it is possible that such a thing was done in more hectic financial days, all one need do to refute this belief is to point out the frequent occasions, many of somewhat recent date, when responsible officials of corporations in interest publicly questioned the market value of their stocks and disclaimed responsibility for the price ascent. This gained good-will not only by indirection but even more by the attempt to keep stock values down to what might be considered normal proportions.

American business can make greater profits by doing business than by speculating in its own paper. This reverses the once prevailing economic belief that huge fortunes could be made by watering stock to the saturation point and then getting out of the wet in time to cash in. The big fortunes of today are those of men and groups who stayed in business and made their business pay. When we speak of the Morgans, Fords, Rockefellers, Vanderbilts, Armours, Eastmans, Gillettes, Bakers, Mackeys, we speak of men who value their wealth at much less than the good-will which their affairs have earned and deserved. Often names of founders mean very little, except organically, yet the investor and speculator feels safe in the knowledge that in mysterious corporate ways the name is there, and it stands for quality, integrity, stability.

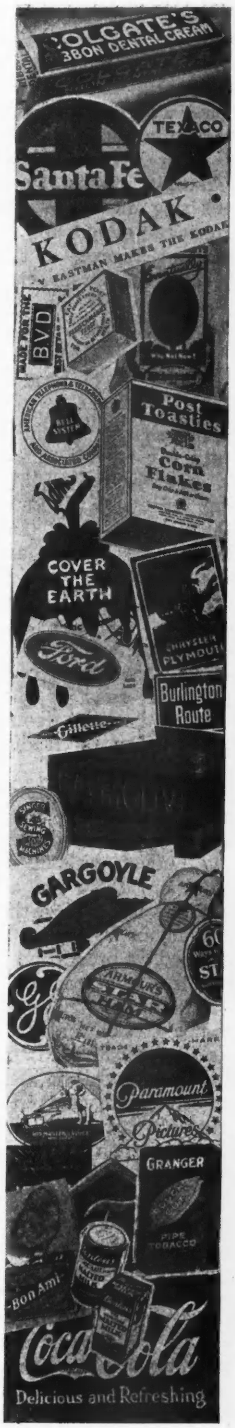
It is that sort of good-will which American business is just learing to propagate, for that, after all, is its unfinished task. And the initial result of this newly spread intelligence—which peers at one on the highways of the nation, from ornate signs and modest placards, in double-page advertisements and in colorful pictures in our daily papers and magazines—has been a potent factor in the boiling market of Wall Street.

It is one of the causes for what many experts called the mystifying conduct of the Stock Market the last few years, more particularly the last five years. Whenever a dire prediction was advanced by an old-timer there was always enough support somewhere to preclude it, and it appears, this support was the unified knowledge which the country at large gained about itself, and its business, through the facts and figures made available on every side by news mediums, trade associations and in very large measure by the advertising done.

A Changed Concept

One may tramp in side streets and look into an old-fashioned tailor's window, or a shoemaker's door, or over a nondescript laundry's counter and read that one familiar slogan A SATISFIED CUSTOMER IS OUR BEST ADVERTISEMENT. But that slogan is out of date, however trite may be its truth. Today the new slogan should be, or is, A SATISFIED ADVERTISER IS YOUR BEST RECOMMENDATION. That, for the benefit of those who read as they run, and this country is running hell-bent for more business, international as well as local.

Not very long ago, in the course of a newsgathering trip across Europe which took in nineteen nations, the thing which impressed me most was nothing about Europe which was European, so much as that about Europe which was becoming American. Not the least of this was the propensity for advertising, and



as usual with American business in the lead. Whether by automobile, steamboat, oxcart, de-luxe train or walking, the familiar names of certain American companies stared back at one wherever one might visit.

Authorities are not exactly in agreement as to the investing wealth which Europe has available, but disregarding what authorities think, and taking facts as facts, how can the mad rush for foreign Ford shares be explained? Europeans are not so conversant with Henry Ford or his concern as Americans are. I am sure not a dozen European economists of first rank could discuss Mr. Ford's organization with full understanding. So far as Europe is concerned, the Ford car is something that runs and is cheap, and which overruns the United States, but all that means nothing to European investors who, in the main, are not automobile-minded. I am sure that not in a generation to come will Europe have more automobile buyers than investors in automobile shares.

After Americanizing Europe to silk stockings, kodakery, gilletting, fording, typewriting, gum-chewing, cafeteriaing, pokering and even baseballing, Europe is absorbing the American advertising idea. Little by little foreign periodicals are learning to advertise their advertising advantages in our own newspapers and trade periodicals. What is that but good-will? What is that but the finest of unsolicited recommendation?

How Big Will It Grow?

Advertising in the United States, during the current year, is estimated to total about $1,450,000,000. Last year it approximated $1,375,000,000. This means that advertising represents a cost of about $12 a year per capita, or three cents a day. Three cents is exactly the price of the average newspaper, and if advertising were magically obliterated tomorrow morning the same readers would have to pay that three cents just the same if they wanted the same amount and quality of reading matter.

According to some experts, the United States could triple its advertising budget without effort, and there are advertisers who believe that this figure will soon be reached, in proportion to business as of today.

This article, however, is not a brief for advertising, which needs no brief, but what it seeks to show is that advertising is a vast commodity which is soon to find its way in corporate financial statements. A few months ago a big American bank was considering the establishment of an advertising department whose head, to be a vice-president, would pass upon the advertising campaigns of its customers, so that its borrowing needs could be determined in accordance with its good-will in advertising values. The earning power of good-will thus receives due recognition.

Advertising Expenditures of Some Leading Companies

NEWSPAPERS AND PERIODICALS ONLY

Company	Amount for Advertising in 1928	Dividends Paid in 1928	Total Capitalization
American Tobacco	5,371,585	18,785.154	197,107,421
Armour	781,700	9,030,105	591.950.308
Borden	726.432	5,217,945	92.902.359
Canada Dry Ginger Ale	§1,000,000	1,963.370	6,186,102
Chrysler	8,992,181	11,747,307	180.491.214
Coca Cola	*437,000	5,750,000	39.395.196
Corn Products Refining Co.	742,403	10,605,000	108.460.053
Eastman Kodak	843,269	16,822,242	112,050,900
Fleischmann	2,462,473	15,823.320	55,800,761
General Electric	3,483,256	45,840.311	357.938.333
General Motors	23,947,615	58.901.081	860,994,867
B. F. Goodrich	1,146,445	5,344,434	98,408,028
Hudson Motors	4,423,125	3,178,862	56,161,037
Liggett & Myers Tobacco	3,671,885	14,647,117	170.065,893
P. Lorillard	3,825,433	791,532	94,387,723
Packard Motor Car	1,840,550	12,442,912	60,471,583
Paramount, Famous Players, Lasky	657,865	5,671,797	101,613.034
Postum	6,626,904	10,100,908	47,899,636
Radio Corporation	1,813.245	1,370.196	39,664,442
R. J. Reynolds Co.	2,294,425	26,000,000	144,869.338
Texas Corp.	1,027,800	24.306.712	257.899.788
Union Carbide & Carbon	*1,007,095	16.235.208	203.227.461
Vacuum Oil	1,219.750	18,912.603	163.674.979
Wm. Wrigley	*1,030,686	6,741,646	40,381,758

* Newspaper lineage not included. § Periodical lineage not included.

Advertising today is part of the "overhead" in financial statements, but it appears that in the near future it will be jotted down as a major operating expenditure after taxes and dividends. A prominent banker told me that the new order of things will lead to that very thing. A company disbursing $1,000,000 in taxes, $3,000,000 for dividends, and $1,300,000 for advertising should report the latter without ambiguity or anonymity.

One of the interesting sidelights about advertising's worth to the investor is its ability to save things both ways, so to speak, by preventing trouble as well as turning trouble to good account. The first, of course, means to do good business and keep going prosperously. But how can advertising save the investor in trouble?

Turning Adversity to Good Account

An instance of it may be found with the Chicago, Milwaukee & St. Paul Railroad reorganization. At one time this company's fortunes looked very black indeed. The name was front-paged everywhere for a year together with the word "loss." At one juncture it was privately rumored that the famous bankers who took a hand in the reorganization were more concerned with the problem of saving "rails" from a black eye in the stock market than with any hope of resurrecting that system. By dint of patience, however, they did more. They turned the negative advertising to good account. One of the younger bankers, who has done more toward advertising securities for sale than any other individual in Wall Street, expressed the conviction that those who became acquainted with C. M. & St. P., through its adversity, would remember its name when prosperity returned. Today the name stands for profitable recovery.

Meanwhile financial and investment houses are beginning to discover that national advertisers are their very fastest and most profitable sellers, because it is much easier to impress a customer with the prospects of a concern whose products or service he or she is familiar with. This familiarity, in most cases, is the net result of advertising. Carrie Nation might not have invested in Liggett & Myers, for consistency's sake, but as an investment she would have had to confess in that company's favor.

Mere knowledge of any concern's name is an aid to sales psychology. How shall it be tested? Ask the average American reader to jot down the names of pro-

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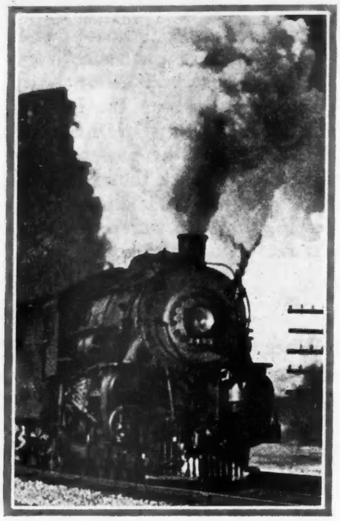


Contests Over Small Rails Afford Investment Opportunities

By Pierce H. Fulton

DURING the month of August the Interstate Commerce Commission does not plan to meet as a body in a formal way. For that reason important hearings and decisions are improbable this month. Beginning with September, however, there will be aplenty of both and they promise to be highly interesting, and equally significant with respect to individual unification plans now pending or in prospect, and likewise to the whole question of railroad consolidation. Before the Commission can make any constructive progress, however, it must deal effectively with the situation involving the small railroads for control of which the larger systems are waging an unending fight. The situation of these small roads will play an important part in every unification plan that is undertaken, at the same time it will offer particularly attractive possibilities for prospective investors and speculators in railroad stocks.

The shares of the big railroads have advanced from 20 to more than 65 points from the low levels of this year, while the shares of most of the small lines have as yet been relatively quiet except for brief periods. But those so located as to appear desirable to one or more of the big systems possess unusual potentialities as ambitious and comprehensive consolidation plans materialize.

A Radical Change

This is particularly true in Eastern Territory.

What a radical change! For some time after the appearance of the Ripley plan and the tentative consolidation plan of the I. C. C. for all the railroads of the United States, railway executives declared that one of the greatest obstacles to the carrying through of a comprehensive plan was the small roads. They asserted that most of them they did not want, certainly not at the prices that their owners were likely to ask. Until a comparatively short time ago, small outside roads were not included in any important plan that was filed with the I. C. C. Today the big systems are openly competing for the small lines.

Yet most of the small lines that have figured in a prominent, and even sensational, way, are not big earners. Only a few of them pay dividends, at least on common stock.

Why, then, are they in such great demand? Because of their strategic position in the rounding out of proposed gigantic systems. The interesting fact is that they are regarded as about equally important to several proposed groupings. This explains, to a considerable degree, the active contest for control of them. The dogged determination on the part of one big system to keep another big system, its rival, out of the situation, if it cannot get in itself satisfactorily, undoubtedly is playing its part also.

The Buffalo, Rochester and Pittsburgh

This is well illustrated in the case of Buffalo, Rochester and Pittsburgh. In general, the road operates between Buffalo and Rochester, N. Y., to the bituminous coal fields of Pennsylvania. Altogether, lines owned, leased and trackage, there are about 600 miles of road. The I. C. C. placed a tentative value of 57 million on the total property owned and used.

Until about four years ago the "B. R. & P.," as it is familiarly known in railroad circles, went quietly along its way, carrying mostly bituminous coal and was under control of A. Iselin & Co., bankers of New York City, in whose offices the New York headquarters were located. It was generally assumed that sooner or later the road would land with the New York Central, to give it a line from Buffalo and Rochester to Pittsburgh.

Then something happened, and ever since the history of this small road has been decidedly varied and interesting—and just recently—novel and amusing. All the commotion started when L. F. Loree decided that he wanted it as a part of a fifth system in Eastern Territory, and proceeded to buy control from the Iselins. The B. R. & P. stockholders even voted to lease their property to the D. & H. for 999 years from Jan. 1st, 1926, on a guaranteed dividend of 6% a year on both preferred and common stock, but when approval of the I. C. C. was sought, it was refused decisively for the good and sufficient reason that the plan did not show how a physical connection would be effected between the two roads. The distance was no less than 200 miles.

A second plan was filed that remedied this slight defect through the medium of trackage rights over Pennsylvania. Right then and there it was assumed in many circles that the Pennsylvania and Mr. Loree actually were working together in this scheme for a fifth system. This plan also was turned down by the I. C. C. because it was not "in the public interest."

Another Change of Ownership

Then in due time announcement was made of the sale of the D. & H. holdings of B. R. & P. to the Van Sweringens and the purchase by them of additional shares held by other interests. What they wanted with the road no one

could guess at first. Finally it was decided in railroad and speculative stock circles that it was for the purpose of having a trading pawn in the highly complicated situation in Eastern Territory with respect to consolidation.

This proved to be a good guess. The B. & O. filed a merger plan with the I. C. C. in February of this year, which included the B. R. & P., although the stock was still owned by the Van Sweringens. Later it was announced that the B. & O. had sold its Wheeling & Lake Erie to them and had bought their B. R. & P. shares. Then the B. & O. made a separate application to the I. C. C. for approval of its purchase.

This resulted in opposition from various sources, Pennsylvania, Wabash, and even D. & H., through Mr. Loree, "Stormy Petrel of the Railroad World," who is always starting something. He declared that the road should be allocated to his D. & H. and not to the B. & O., present owner of about 85% of the two classes of stock together. Mr. Loree even offered to pay B. & O. what the stock had cost, plus carrying charges. Imagine the I. C. C. giving him the road when his two plans to lease it more than three years ago had failed to pass muster with that body. This is the amusing portion of recent B. R. & P. history.

Other Strategic Lines

That history has been roughly outlined, not because of any desire to delve into a bit of railroad history, but rather to illustrate what has been happening to small railroads in Eastern Territory, occupying strategic positions and that are wanted in connection with merger plans. For there are other small roads that have had somewhat similar experiences that have resulted in unusual speculative opportunities in their shares. Competitive buying, during these movements, often carried these stocks above their real value, on the basis of earnings, or even as a merger pawn. Inevitable reactions followed, which, in turn, have offered fresh speculative opportunities.

Nobody knows yet who will turn up as the ultimate owners of these properties. In the meantime their shares are likely to have wide fluctuations again. There are still other small roads that are practically certain to go through much the same experiences as the B. R. & P., both as to competitive buying and market action. George J. Gould acquired control of the Western Maryland more than 20 years ago for an eastern outlet for his Coast-to-Coast system. The plan fell through and he lost control, as he did of all the roads bearing his family name. The property fell into the hands of John D. Rockefeller, where it remained for some years, until more than 40% was bought by the B. & O. Here is another small road, a controlling interest in which has been acquired without approval of the Interstate Commerce Commission being obtained.

Nobody knows who will turn up as the ultimate owner. The B. & O. has it now but does not know whether it will be permitted to keep it. The Wabash put Western Maryland into the plan that it recently filed with the I. C. C. The Taplins want to join it with the Pittsburgh & West Virginia and Wheeling & Lake Erie, as an eastern outlet for a system in the Central West on which they have been working for several years. In the meantime the Western Maryland, like the B. R. & P., has been suffering from a lack of information as to its real owner and boss.

Wheeling and Lake Erie

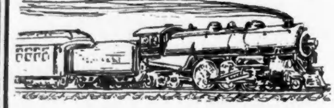
And then there is the Wheeling & Lake Erie, another former Gould road, about which there was much scandal and litigation in those days. This property also landed in the lap of John D. Rockefeller after reorganization. It was greatly improved, but has not paid dividends. Several years ago the Van Sweringens, for the Nickel Plate, New York Central, and B. & O., each acquired a 1/6 interest in the Wheeling. This transaction was attacked by the Taplins and the New York Central and B. & O. sold their holdings to the Allegheny Corporation, the most recent of the many Van Sweringen holding companies. Announcement was made in a Washington dispatch on August 1st that the Wheeling stock held by Nickel Plate and Allegheny Corporation would be transferred to a trustee, with full voting powers, pending final allocation by the I. C. C.

The trust agreement is a temporary expedient. Before the I. C. C. makes its final allocation of this road there may be further market opportunities in its shares.

The B. & O. offer of $90 a share for Buffalo & Susquehanna common and preferred furnishes still another illustration of the extent to which small roads will be in demand for merger purposes. The advance of 8 points in the preferred the day the offer was announced and of 32 points in that issue and of 31 in the common from the lows of this year shows the market opportunities in the shares of small railroads.

The Detroit, Toledo & Ironton is a striking illustration of what can be done with a small road that, for some years, was regarded as one of the weakest lines of its size in the Central West, or anywhere in the United States. It has less than 500 miles of road. Control was acquired by Henry Ford in 1920 at about 60c on the dollar. Recently he sold the property to Chas. D. Barney & Co., New York bankers. Not long before Mr. Ford was reported to have placed a value of $23,000,000 on the property. The price at which he actually sold has not been obtainable. While no official announcement has been forthcoming, circumstantial evidence points to the Pennsylvania as the real purchaser. Not only are the bankers in whose name the property was bought closely affiliated with the Pennsylvania, but recently one of the latter's men was elected president.

The B. & O., in its merger



plan of last February, named the D., T. & I. as one of the small roads, control of which it would like to acquire. Henry Ford had not then sold

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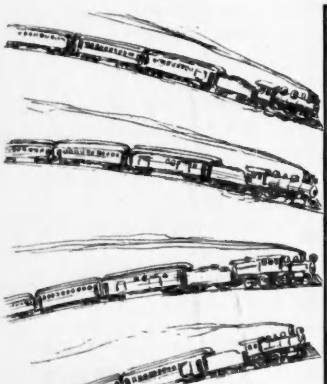

Small Roads Merger Candidates with Profit Possibilities

	Recent Price	Dividend Rate
Buffalo, Rochester & Pitts. ..	100	$4.00
Western Maryland	46	....
Wheeling and Lake Erie....	115	....
Virginian	165	7.00
Bangor and Aroostook	85	3.50
N. Y. Ontario & Western ..	27	....

Are We Getting the Fruit Or the Tree in Foreign Investments?

By J. F. Rudow

NOW that America has become the world's banker, it is only natural that we should ask ourselves, what good did we derive from our increasing investments in Europe during the past few years. And while the question is raised we might also ask, what does the future hold in store? These questions are rather pertinent for the individual investor who, in the final analysis, has made possible our investments in Europe.

It is not so long ago that Lucien Romier, in an article in the *Revue des Deux Mondes,* criticizing "American Imperialism Based upon American Capital Loaned Abroad," answered this question, unwittingly, with the following words:

"Even if the first fruits were gathered by the overseas creditor the tree remains in Europe, yielding what soon will enrich the owner—forces will have been roused which will one day result in competition with the creditor and restore the balance to his detriment." The discussion itself moves more or less in the realm of economics but the words cited above are a good answer to our question how the individual investor has fared so far in buying Europe's I. O. U's. The answer is the more interesting because it comes from the "other fellow."

Looking Back a Few Years

Every year that has taken us farther away from the World War, has brought Europe a step nearer to complete recovery or even new prosperity, and has established with us a new high record for our capital investments in Europe. The history of these years following the war forms therefore the background against which any estimate of future relations between America and Europe must be made.

The subjoined table of foreign government and foreign corporate bonds will give us a picture which tells part of the tale. It shows us that as a whole the American investor did not make so bad an investment when he purchased this type of bonds during the past few years. His income yield is by 1½ to 2% higher than he is able to obtain from securities of equal quality in our domestic market. Since the standstill in our bond market set in, these foreign government bonds have at the average not declined more than 1½ to 2 points and in no case with the exception of some of the German State bonds have they declined beyond their offering prices when first issued to intrepid American investors.

To jump at the conclusion that these bare facts prove the case of sound investment merit for foreign investments, however, would indeed be superficial. The fact that a bond "makes good" is not necessarily proof that it is a sound investment any more than the fact that a speculative stock goes up twenty points is proof conclusive that it is a good stock. It is true that investors who bought foreign securities a few years back on the say-so of their favorite bond salesman have a potential profit in many issues at their current levels. But it is also true that the risk which they assumed in making the investment was certainly commensurate with this ratio of profit—if not more so.

The earliest foreign securities offered in the American investment markets were government issues. The soundness of a Government bond traditionally is tested partly, on the history of the issuing state in meeting interest and maturity of previous obligations, partly, on the political stability of the government and partly, on the economic and financial condition of the nation which offers its securities for sale. The American foreign investment pioneers had only the first of these factors to pin his faith on, this indeed in the face of currency inflation practices which had virtually repudiated internal loans or at least demoralized the real return received in gold values.

Some of the strongest pre-war European Governments were in a highly unstable state politically. Industrially the various nations were still suffering from the post-war paralysis. Their internal and foreign trade were handicapped by fluctuating currencies and the unavailability of credit. The reparations and war debt problems were still unsettled. An equally serious consideration for the international money lender was the bitter nationalistic spirit still fired by the dying heat of the war. And over all the powers who had been engaged in conflict hung a heavy burden of debt and over their industries and citizens, a heavy burden of taxes.

Sagacity or Courage?

This is the dark side of the picture in the earlier years when America was projected into the role of world banker. These are the risks that the American investor assumed when he made his first commitments in foreign securities. That his courage has been rewarded by investment profits does not mitigate the uncertainties that his capital was subjected to; for the risk assumed he was certainly entitled to a handsome compensation. With as little, and perhaps far less risk, how much more profitably

Foreign Corporate Bonds

Date	Security	Int. %	Average in 1924	1925	1926	1927	1928	Last	Offered
1921	Belgium, Kingdom.....1941	8	103	107¾	107¼	109½	110	108	100
1925	Belgium, Kingdom.....1955	6	...	85¾	86¼	97	99¾	100¾	87½
1926	Belgium, Kingdom.....1956	7	...	...	...	104½	105¾	105¼	94
1921	France, Republic......1941	7½	97½	97¼	102¼	110½	116¼	114	95
1920	France, Republic......1945	8	101¼		redeemed March, 1928, at 110, yielding 18%				
1924	France, Republic......1949	7	...	90¼	93	103¼	103¾	110	94
1925	Italy, Kingdom........1951	7	...	...	92½	96	98½	94¾	94½
1924	Germany, Republic.....1949	7	...	97½	104½	107¼	108	106	92
1926	Prussia, State 1951	6½	...	...	...	98	96¼	93¾	95
1925	Bavaria, State.........1945	6½	...	...	...	96¾	97	94½	92¾

Foreign Government Bonds

Date	Security	Int. %	1924	1925	1926	1927	1928	Last	Offered
1924	A. E. G...............1940	6½	...	94½	99½	103¼	103	102½	93¾
1927	North Ger. Lloyd......1947	6	...	...	...	...	93½	90½	94
1926	Good Hope Steel......1945	7	...	...	95	191½	100¼	98	92
1924	CHem. d. F. du Nord..1950	6½	...	81¾	85	96¾	101½	100¾	88½
1925	French Nat. S. S......1949	7	...	84½	86½	98¼	102¾	102½	91
1922	Framerican 1942	7½	...	90¾	94	102	106½	103½	99
1926	Italian Pub. Util......1952	7	...	...	...	95¾	98¼	92¼	93
1926	Adriatic Electr........1952	7	...	...	...	94¼	94½	99¾	96
1926	Montecatini 1937	7	...	...	...	...	...	...	...
	w.w....... ...	..	...	...	...	101¼	116¼	111	96½
	ex w....... ...	..	...	...	...	...	96½	98	...

could he have employed his capital in the junior securities of our growing domestic corporations; our U. S. Steels, our General Electrics and our General Motors?

With the uncertainties of the post-war decade now largely removed, the investor who turns in 1929 to Europe for his investment opportunities must realize that the big chance has been taken—and incidentally won in most instances—and that his commitment in this year of Grace is made with a greatly changed industrial, economic and political background. Thus, in spite of the comparatively favorable showing, one finds in looking backwards, the buyer of these types of bonds should apply a great deal of caution not excluding foreign government bonds.

Effects of High Interest Rates

After all high interest rates and high yield at issue prices for government bonds are in themselves a certain sign of weakness and reflect always more or less uncertainty for the future. The nearer the future maturity of such loans is placed the safer they become. A high interest rate for a government or corporate bond is not only the consequence of a competitive money market, as we are so often told, but reflects a certain distress.

What we should always keep uppermost in our minds in approaching these investments is this: If a 25-year loan after a few years run shows improvement in the security pledged then the investment proves to be a good one, the rate of interest turns out to be excessive and the premium paid by the borrower was abnormally high. The consequence is that the borrower becomes resentful. We failed to obtain his good will and in the future he may turn to other capital exporting markets, and recall the loan at the first favorable opportunity, thus robbing the investor of the fruits of his risk for the time he had figured upon. We have an excellent example in the French 8s of 1921. On the other hand, if the loan proves to be an insecure one, then a shorter maturity would lessen the risk to a certain degree and the eventual purchaser would thus have at least a fair chance to judge the uncertainty for the immediate future. Viewed from this point the Italian loan for instance does not place this country in a better position to meet the aggregate of its financial obligation. The French loan of 1949 is similar in this respect.

On the Critical Side

Among the large number of corporate bonds offered in this country, a number of issues can be found which in no way reach the standard which should prevail for foreign investment securities. This is the result simply of an unhealthy state that had developed in so far as agents of American lenders were swarming all over Europe in a scramble for issues. The German government was finally compelled to institute a strict supervision of foreign loans to be placed with German states municipalities or corporations. There are a number of such German municipal loans, the bonds of which were sold here, where the proceeds in no way were used for constructive purposes. Such practices can only lead to unnecessary burdening of the debtor and unsecurity of the loan. There were several church loans also marketed here, which lacked utterly any real security behind the loan.

If, as in the case of at least one of them, political elements enter into it, no matter how slightly the tint may be, then the investor should rather refrain from investing his good money in it. Of the corporate loans, so far only with one widely distributed issue did difficulties arise; one Central-European loan of $4,000,000. The matter was adjusted on the basis of 45 cents on the dollar. Not so very agreeable for the one who had yielded to the quest persuasions of the salesman but it should serve to admonish the public to rely more on actual information and less on a picture book attached to the prospectus.

While until a few years ago American foreign investments moved largely within the field of government and corporate bonds, this tendency has lately switched from these fixed interest bearing securities to equities, that is to stocks of well-known European corporations, which are considered as fundamentally sound. This is, of course, in harmony with the growing appetite of the American public for stocks in our home market. No doubt, the success that accompanied the floating of certain European stocks in the form of American shares in this market has been encouraging enough to evidently warrant the importations of stocks of foreign corporations for distribution in the American market. Shares of European corporations of good standing such as Belgian Railway preferred 6% shares, Disconto Gesellschaft, Dresdner Bank, Courtaulds, Ltd. Snia Viscosa have brought the early buyer good returns. Whoever had invested three or four years ago in

such European equities of industrial corporations could not help but obtain considerable profits.

Innocents Abroad

German and French industrial stocks then offered an excellent field for most profitable investments. But that was at a time when the frozen-in assets of European industries had been thawed out by American dollars and began to climb back to their real values. An idea of the profits that could then have been made and actually have been made not only by banks and investment trusts but by individuals just as well, might be gained from the following table. It shows the index figure of the Frankfurter Zeitung covering the period from January, 1926, to January 31, 1927. The index takes in all the common stocks handled on the Berlin Stock Exchange and shows the extent of the boom up to early 1927.

January 2, 1926	100
March 31, 1926	158.55
June 30, 1926	204.80
September 30, 1926	227.50
December 31, 1926	279.21
January 31, 1927	309.75

Of all the groups included in the index, the textile group showed the smallest advance of 69.07% and the shipping group the biggest gain with 223.83%. Big profits have been made by American investors in these foreign equities *but only if the investor had been able to obtain the correct information necessary to gauge the right time to buy and the time to sell and before all, what to buy.* While it is comparatively easy to obtain correct information on our domestic stocks, because every reliable brokerage house will gladly furnish all the data, analysis and trend of price movements of any particular stock, this is not so simple a matter when it comes to foreign stocks.

Even if all the information were obtainable, and it can be had, there are so many other conditions foreign to the average investor, the observance or lack of observance of which might often imperil his funds invested even if they are anchored in stocks of fundamentally sound corporations. For example, coming back to the index figures shown above. This figure was high in the beginning of 1927 but went still considerably higher afterwards. At that time German stocks went through a boom period which in no way was justified then by the actual value of assets. It was then common to talk of a "puffed up prosperity."

The reason? The slump in stocks here, cheap money in abundance to invest and "no place to go," and at the same time the unstable condition in the French money market, which caused a virtual flight of the Franc. Buying orders poured in then on the Berlin stock exchange from New York and Paris at a rate never experienced before. How then would the average individual American investor fare? Would he have an even chance to know what to buy and when to buy or to sell? He would not! This is said not to discourage the reader from eventual investments in European stocks, but to caution him.

Nationalism and Foreign Securities

To judge this kind of investment right, one should bear in mind that Europeans with their strongly developed sense of nationalism will naturally not be so eager to have their best holdings pass into foreign hands. But if they do it they often do so with the purpose to invest the proceeds in such American enterprises which appear to them still more favorable and more promising than their own. Therefore, before investing in such foreign stocks it is most advisable first to obtain the most accurate information on the status of the particular foreign corporation and the governing influences surrounding it; second, to compare it with American concerns engaged in the same or a similar business. If then it turns out that the foreign enterprise compares satisfactorily with the American concern, it would still depend upon how much more satisfactory the comparison is to draw the capital away from home. An analysis of the two just showing a general parallel would and should not be much of an inducement to invest in the foreign stock.

The increasing liabilities of foreign countries created by our increasing exports together with the volume of our current interest receipts makes it increasingly difficult to effect a balance of international payments. Therefore it is reasoned we have to continue to make investments in these foreign countries. Whether this dictum is correct or open to debate is not of interest in our present study. The point is that sooner or later the American investor will again be called upon to absorb large amounts of foreign securities offerings, in the form of bonds; some with stock warrants or convertible features; or solely stocks.

While during the first few years after the war and again after the Dawes conference it was not so difficult to choose from the different foreign securities offerings real first class investments, it had become already considerably more difficult during the last two years. No doubt that with a renewal of foreign borrowing much more caution than heretofore will have to be applied. We must not forget that Europe has enormously improved. The assets of industrial enterprises have reached a value much higher than five or six years ago. But in many cases these assets are fully pledged as securities for loans which amount to a fraction of the assets today.

It will become difficult to secure for additional loans adequate security without infringing upon the security

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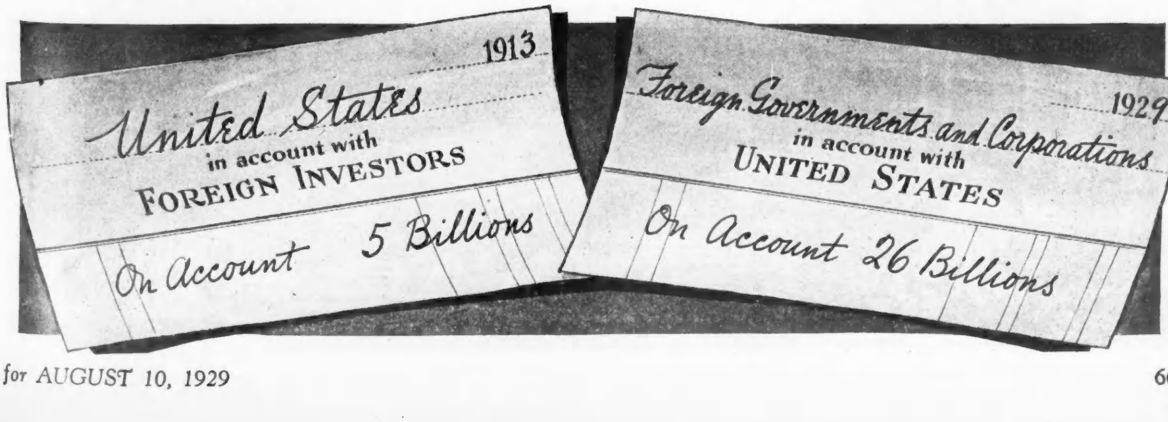


Mid-Year Dividend Prospects in Leading Groups of Stocks

Part I:—Railroads, Public Utilities, Equipment

THE Mid-Year Dividend Forecast has always been found valuable to our subscribers and readers, for it covers not only the dividend prospects for the leading companies in which there is large investment interest in each industry, but, in addition provides, by rating, a definite estimation of the market position based on the outlook for the industry, the position of the company in that industry and the intrinsic merit of its securities as well as their relationship to current market price.

For several reasons this compilation is perhaps unusually timely and helpful. The market is continually growing more selective and newly achieved high figures for individual issues are not only disturbing former standards of value but also adding to the difficulties of intelligent investing. In addition numerous dividend changes are impending. The first half of the year has been a period of high corporate prosperity and a fair portion of improved earnings have already been translated into more liberal dividend payments, but this does not complete the picture. Business in general has not tapered off to the degree commonly anticipated. Summer dullness in many lines has been exceedingly mild, so mild in not a few industries as to be imperceptible. The profit position of agriculture is improved, purchasing power of the country is thereby heightened and fall conditions in the majority of basic lines are viewed with increasing optimism. Hence if business sustains the earning level established in the first six months there is reason to expect a fair proportion of upward revisions in dividend rates.

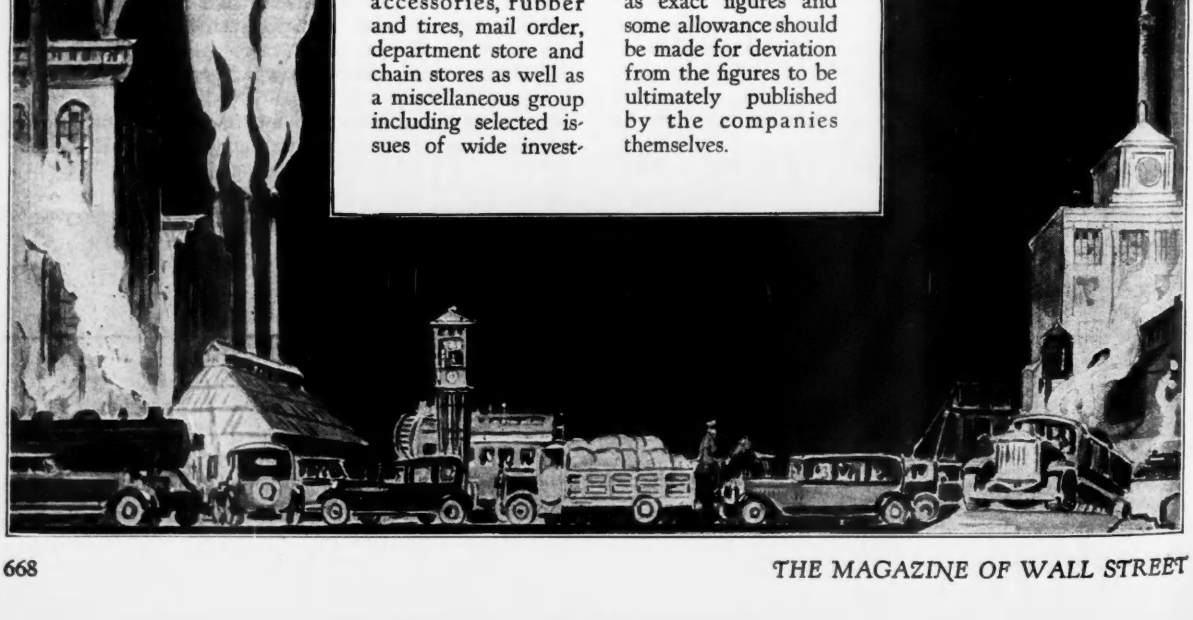
In this issue we present the first section of our Dividend Forecast, covering the leading railroads, public utility and the various types of equipment companies. In the succeeding issue such important groups will be covered as steel, mining, petroleum, automobiles, motor accessories, rubber and tires, mail order, department store and chain stores as well as a miscellaneous group including selected issues of wide investment interest from chemical, aviation and unclassified specialities.

It seems desirable to emphasize the point that our ratings of dividend possibilities are intended to point out *possibilities* rather than *certainties*. Although statistical proof may be offered of dividend action that may be logically expected, there is always an element which can never be forecast in advance and that is the attitude of the management toward changes in the dividend rate. A company may be in a position to raise or lower the dividend, but such action, though inherently logical, may be postponed long after it might be expected in view of special circumstances that might arise and thus influence the management's viewpoint. In this dividend forecast, we have noted only the possibilities although such dividend action as presented, should materialize.

The tables are designed therefore with an eye toward indicating dividend possibilities in the first place, and market possibilities in the second. These ratings are based on investment rather than speculative considerations, although the latter have been taken into account in special cases.

A-1 **Should eventually be worth more on intrinsic value**
A-2 **Sound investment holdings with limited attraction on current price basis**
B-1 **Issue has inherent merit but occupies speculative position at present**
B-2 **Stock occupies uncertain speculative position**

Wherever the figures have been available, we have indicated earnings for the first six months of 1929, in other cases they have been estimated. Railroad earnings have been estimated for the full year on the basis of the first six months' report. Such estimates, of course, in the nature of things cannot be considered as exact figures and some allowance should be made for deviation from the figures to be ultimately published by the companies themselves.



Rails Receiving Merited Recognition

Rising Stock Values Mark Revival

IN a measure the hopes of the investing public and speculative community directed toward a rise in railroad stocks have been realized during the past two months and it is now evident that the long-heralded move in this group is well in progress. Discerning investors acting in accordance with their best judgment and impressed with the steadily accumulating evidence pointing to the complete recovery of the majority of the country's railroad systems from the debacle of Government Administration have, until recently, been but meagerly rewarded. They have seen the industrial and public utility groups forge steadily ahead adding billions of dollars to the investment wealth of the country, while the highest grade rail stocks "marked time." In the face the uncertainty provided by the possibility of recapturing excess earnings and the failure of projected mergers to culminate due to the continued opposition by the chief regulatory body, the Interstate Commerce Commission, and minority groups of stockholders, most investors preferred to avoid railroad securities, regardless of their fundamental attractiveness. In a comparatively short space of time, however, the public attitude has undergone a complete reversal and representative rail stocks, under the stimulus of spirited bidding, have taken their place in the investment and speculative limelight.

A study of the appended table and a comparison of the high and low price ranges will give some idea of the extent to which leading rail stocks have appreciated in value this year. While the favorable nature of recent developments, prominent among which was the decision of the Supreme Court in the St. Louis and O'Fallon valuation case, has been partly responsible for the vigorousness of the upward move, there have been other factors of longer standing and so deeply rooted as to preclude any doubt of their permanency.

During the five-year period ended with 1928, railroads have spent over five billion dollars on physical properties. Vast improvement has taken place in the condition of equipment, road beds and terminal facilities, permitting the introduction of many important operating economies. Increased operating efficiency has been translated into earnings and so great has been the gain in net income that the majority of our railroads are now in a stronger financial position than at practically any previous time in their history. Numerous of the larger roads are now able to loan substantial sums in the call money market and accomplish their necessary financing through the sale of stocks rather than bonds. Dividends are being earned by a widening margin of safety and increased payments by several roads and initial declarations by others should be forthcoming in the near future.

The salient feature of the O'Fallon decision was that portion of the ruling which stated that the I. C. C. valuations must take into consideration the cost of reproducing railroad property and not simply the value as of June 30th. 1918, and prices as of June 30th, 1914. The effects of this decision are manifold. A bothersome thorn of uncertainty has been removed and railroad securities, as a consequence, will acquire a more pronounced degree of market stability and greater popularity with investors.

Carloading for the first six months of this year registered an impressive gain over the same period of 1928 and 1927 and so positive is the evidence that the trend will continue upward, it now appears that in October, the month when freight traffic reaches its annual peak, transportation needs will probably exceed railroad capacity. All districts except the Southeast and the Pacific Northwest are expected to produce more freight traffic in the third quarter than in the corresponding months of 1928. The recent recovery in wheat prices has effected a considerable improvement in the outlook for many of the Western carriers and has relieved the uncertainty created by the decline earlier in the year.

Viewed from every angle, the railroad situation invites confidence and emphasizes the probability that the sounder rail stocks have no more than fractionally discounted the many favorable factors now visible. Market quotations have yet to fully capitalize the effects of the O'Fallon decision and were the same valuations to be placed on operating efficiency, earning power and favorable dividend prospects as in the case of the industrial and public utility groups, high grade railroad common stocks would be entitled to sell many points higher. Merger projects and consolidations will undoubtedly engender both speculative and investment enthusiasm and it may therefore be safely concluded that of the three major groups, railroad securities offer the more attractive inducements in the form of safety, income and possible market price appreciation.

Position of Railroad Common Stocks

R. R.	Earned Per Share 1928	Earned Per Share *1929	Price Range 1929 High	Price Range 1929 Low	Recent Price	Dividend	Yield	Market Rating	COMMENT
Atchison, Topeka & Santa Fe	$18.09	$21.90	260¼	195⅛	248	$10	$4.00	A-1	Wide margin of safety for dividends, but no change in prospect.
Atlantic Coast Line	10.24	15.50	209½	169	197	†10	5.00	A-1	Present rate of $7 regular and $3 extra secure. Upward revision unlikely.
Baltimore & Ohio	12.43	13.55	138⅝	115⅛	134	6	4.40	A-1	Earnings, would warrant increase in present rate to $7.

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Position of Railroad Common Stocks

R. R.	Earned Per Share 1928	Earned Per Share *1929	Price Range 1929 High	Price Range 1929 Low	Recent Price	Dividend	Yield	Market Rating	COMMENT
Bangor & Aroostook	6.94	7.80	88¼	64⅛	85	3½	4.10	A-1	Yield may possibly be augmented by an extra or increase to $4.
Boston & Maine	8.45	7.50	145	85	130	—	—	A-2	Present trend of earnings indicate the possibility that dividends will be inaugurated and suggest a $4 rate.
Canadian Pacific	14.99	13.80	265⅞	218	225	10	4.40	A-2	Stock dividend a possibility, but no change in cash rate likely.
Central R. R. N. J.	22.05	21.90	360	305	340	†12	3.50	A-2	Earnings give adequate protection to present rate and regular payments of $8 and $4 extra likely to continue indefinitely.
Chesapeake Corp.	3.50	—	112	78½	85	3	3.50	A-2	No basis for anticipating increased dividends pending similar action by Chesapeake & Ohio.
Chesapeake & Ohio	24.43	22.50	275½	195	258	10	4.00	A-1	Could easily pay $12 and may possibly do so late this year.
Chicago & E. Illinois	1.81-PR	—	43	28	31	—	—	B-2	No likelihood of a dividend on common for some time.
Chicago, Milwaukee, St. Paul & Pac.	7.70-PR	2.40	43	27¾	39	—	—	B-1	Road progressing rapidly, but no dividends for common in sight yet.
Chicago & Northwestern	6.62	6.75	97¼	80¼	92	4	4.30	A-2	Earnings hardly warrant any increase in $4 rate at this time.
Chicago, Rock Island & Pacific	12.89	13.20	142⅞	115	138	7	5.00	A-1	No change likely until 1930, but present rate amply protected.
Delaware & Hudson	12.37	15.80	226	182	215	9	4.30	A-1	Increase in cash rate not anticipated, but special distribution of capital assets still a possibility.
Delaware, Lackawanna & Western	7.77	9.00	160½	120¼	148	†7	4.70	A-2	Present $6 and $1 extra likely to be continued although margin of safety is rather narrow.
Erie	4.93	7.25	86¾	64	83	—	—	B-1	Resumption of preferred dividends brings common closer to a dividend basis.
Great Northern	10.11	12.00	128¼	101	121	5	4.20	A-1	Rate could be easily increased, but action may await developments in projected merger with North. Pacific.
Illinois Central	8.96	9.70	153½	132½	150	7	4.70	A-1	Dividends well protected, but present earnings do not favor any change.
Kansas City So.	7.01	8.50	108⅞	78	104	5	4.80	A-2	Stock gives a fairly attractive yield. No further upward revision likely during near term.
Lehigh Valley	5.48	7.30	102¼	77¾	93	3½	2.70	B-1	Yield is low and any change in dividends will probably await further developments in merger situation.
Louisville & Nashville	12.26	11.20	153½	138½	147	7	4.80	A-2	Territorial conditions and trend of earnings afford no promise of increased dividends.
Missouri, Kansas & Texas	4.61	3.60	65¾	42½	60	—	—	B-1	Not in line for dividend payments in the near future.
Missouri Pacific	7.15	8.50	101⅜	62½	94	—	—	B-1	Earnings excellent, but common dividends will be deferred pending further plans for paying off arrears on preferred.
New York Central	10.86	16.20	245	178½	240	8	3.40	A-1	High grade investment and road well able to pay more than $8.
New York, Chicago & St. Louis	12.48	16.10	163	128⅛	158	6	3.80	A-1	Low yield, but earnings would warrant higher rate.
New York, New Haven & Hartford	8.00	10.60	115⅝	80⅞	112	4	3.60	B-1	Record breaking earnings make common stock a logical candidate for increased dividends.
Norfolk & Western	21.25	26.30	263	191	255	†10	3.90	A-1	On basis of indicated earnings for current year could readily pay $12.
Northern Pacific	8.52	8.70	118⅞	95½	110	5	4.50	A-1	Dividend amply secure. No revision until definite developments in proposed merger with Great Northern.
Pennsylvania	7.35	8.75	99	82½	95	4	4.20	A-1	Conservative policy, but increase to $5 not unlikely.
Pere Marquette	16.17	19.30	203¾	148	194	†8	4.10	A-2	Earnings would warrant increase, but merger situation may tend to postpone near term action.
Pittsburgh & West Virginia	6.94	7.80	148¾	125⅝	144	6	4.10	B-1	Merger contest for road reflected in price of stock. Present rate all that can be hoped for on the basis of earnings.
Reading	8.78	10.00	126⅞	101½	120	4	3.20	A-1	Sound investment medium. Could increase rate or pay extras.
St. Louis-San Francisco	10.88	12.20	133	109½	128	8	6.20	B-1	Small margin of safety for dividends. Present payments reasonably secure, but not likely to be larger for the time being.
St. Louis-Southwestern	4.67	1.50	115¾	32	103	—	—	B-1	Heavy maintenance expenditures and plans for improving property will postpone dividend action.
Southern Pacific	10.71	12.40	150	124	144	6	4.10	A-1	Stock excellent holding for the long pull. Could easily raise dividends to $7.
Southern Railway	12.51	13.50	160½	138	152	8	5.30	A-1	Shares reasonably priced and dividends rest on a sound foundation.
Texas & Pacific	17.75	15.40	181	155	167	5	3.00	B-1	May ultimately be merged with Missouri Pacific. Earnings favor a higher dividend, but no indications that rate will be increased in the near future.
Union Pacific	18.95	21.20	276½	209	266	10	3.60	A-1	Record earnings and rich investment assets point to the possibility of something in the nature of a special distribution sooner or later.
Wabash	4.21	6.50	81⅜	60	75	—	—	B-1	Favorable merger prospects. Dividends must await decision of Supreme Court regarding payments on preferred "A."
Western Maryland	1.55	1.80	54	32½	46	—	—	B-2	Radical speculation and not likely to pay dividends for some time.
Western Pacific	1.43-PR	—	41⅞	32	37	—	—	B-2	Lacking attraction on the basis of dividend prospects.

* Indicated on the basis of latest results. PR—Earned on Preferred Stock. † Including extras.

Public Utilities Continue Progress

THE spectacular market activity in the public utility common stocks this year is but a sign of the tremendous developments which have been going on in this industry. The most important of these is the realignment movement of public utility properties into superpower groups, modelled along regional lines. To date this movement has been confined chiefly to the Eastern section of the country, but the indications are that it will be extended to the Middle West and also to the Pacific coast region.

The present merger trend in the public utility field is analogous to the events that occurred in the transportation industry a half a century ago. As in this case, small systems are consolidated into large unified groups, thereby assuring themselves of increased revenues through important economies effected and at the same time better serving the public to whom the savings are eventually passed on. Although the government is undertaking an investigation of the situation, no interference has yet been made, but the gesture no doubt is tending to hurry the merger plans.

Aside from the consolidation and realignment plans which probably have had the greatest influence in causing the sharp increase in the price of utility shares, the continued rapid growth of the industry and improved operating efficiency have meant higher net earnings and this factor too has made itself felt in rising prices for the common stocks. For the first five months of the current year, gross earnings of public utility companies, as reported to the Department of Commerce, were about 4.2% greater than for the corresponding period of 1928, while the net was greater by 18.2%. The actual amount of increase in the net earnings for this period was considerably greater than the increase in the gross, indicating clearly the effect of improved operating efficiency. The gain in the output of electricity for the period mentioned above was 15.2% over last year and comparing this figure with the gain in the gross revenues it is apparent that substantial rate reductions have been made.

One of the outstanding factors in the industry is the inherent secular growth, particularly of the electric branch. Despite the fact that the United States now uses as much electricity as the rest of the world combined, the industry is still far from its theoretical saturation point, and expansion in the early future years should continue at about the same rate as in the past, subject, of course, to temporary fluctuations due to general business conditions. While the number of new customers added is not as large as has been the case within recent years, a steady rise in the average use of electricity per individual customer continues, and the surface of possibilities to which electricity can be put has hardly been scratched. In the home appliance field, for instance, it is estimated that at least 70% is still untouched, while in the field of industrial power only about 60% of the potential electrical consumption is at present employed.

Gas consumption also has been expanding steadily, although not as rapidly as the electric branch of the utility industry. One of the most important phases of the industry is the development of our natural gas resources and the construction of a vast network of pipe lines to supply communities many miles distant. Influenced by the same general conditions as the electrical branch, the outlook is encouraging for successive new records of consumption.

While the prices at which utility common stocks are selling are liberally discounting future growth in earning power and possible merger developments, known factors justify the industry's confidence in its future expansion. Where prices have risen so spectacularly as in the case of some of the utility companies, however, some measure of caution may be sounded.

Position of Public Utility Common Stocks

	Earned Per Share 1928	Earned Per Share 1929	Price Range 1929 High	Price Range 1929 Low	Recent Price	Dividend $	Cash Yield %	Market Rating	COMMENT
Allied Power & Light.........	NF	$2.15(c)	110	44½	103	none	—	A-2	Earnings growth shown by recent reports indicate dividend possibilities.
American & Foreign Power....	$1.22	NF	142	75¼	140	none	—	A-2	Earnings on common growing, and a small dividend may be inaugurated before end of year.
American Power & Light......	4.49	4.92(g)	158⅜	81⅛	152	$1.00(1)	0.7	A-1	Present dividend policy of partly cash and partly stock will probably be continued.
American Tel. & Tel..........	11.10	6.15(d) 6 mos.	291	193¼	291	9.00	3.4	A-1	Issue of rights from time to time increases return to stockholders.
American Waterworks	3.49	4.02(c)	148½	87¼	135	1.00(2)	0.8	A-2	No change in present dividend policy looked for.
Assoc, Gas & Elec. "A".......	3.64(a)	NF	65	49¼	64	2.40(3)	3.7	A-1	Dividends either in cash or 10% stock will likely be continued.
Brooklyn-Manhattan Transit ...	6.62(c)	6.52(c)	81⅞	59½	60½	4.00	6.6	B-1	Higher dividends possible, but political situation complicates situation.

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Position of Public Utility Common Stocks

	Earned Per Share 1928	Earned Per Share 1929	Price Range 1929 High	Price Range 1929 Low	Recent Price	Dividend $	Cash Yield %	Market Rating	COMMENT
Brooklyn Union Gas...........	8.09	NF	226½	170	225	5.00	2.3	A-1	Present dividend earned by wide margin.
Columbia Gas & Elec..........	2.78	2.94(g)	94⅝	53½	94	2.00	2.2	A-2	Rising earnings indicate higher disbursements eventually.
Con. Gas, El. Lt. & P. of Balt.	5.49	5.36(h)	160	88⅛	138	3.00	2.2	A-1	Earnings have risen steadily despite cut in rates from time to time.
Consolidated Gas of N. Y......	4.52	NF	156¾	95½	156	3.00	2.1	A-1	Continued rapid expansion has meant the offering of valuable rights from time to time.
Detroit Edison	12.24	12.52	385	224	380	8.00	2.5	A-1	Dividend policy conservative, but higher rate warranted by earnings.
Electric Bond & Share.........	1.12	1.53(j)	148	73	141	6% stock	6.0	A-1	No change in present dividend policy of 6% in stock looked for.
Electric Power & Light........	2.37	2.54(g)	84¼	43⅛	80	1.00	1.3	A-2	Rising trend of earnings makes larger dividend likely.
Engineers Public Service.......	1.60	2.61(h)	73½	47	73½	1.00(1)	1.5	A-2	Good progress in earnings, but present dividend policy will probably be maintained.
Federal Light & Traction......	2.68	4.03(h) (x)	109	68⅛	90	1.50(1)	1.7	A-2	Present dividend of part cash, part stock will probably be kept up.
General Gas & Electric "A"...	3.36(b)	3.44(b) (j)	104⅜	70	104	1.50	1.5	A-2	Most of equity stocks now owned by Associated Gas & Electric Co.
Hudson & Manhattan..........	4.20	2.44(d) 6 mos.	58⅜	34½	48	2.50	5.5	B-1	Partial recovery of earnings in second quarter. Dividend appears safe.
Interborough Rapid Transit....	8.68(c)	8.59	58⅜	20	22	—	—	B-2	Political complications prevent any consideration of dividends for a long time.
International Tel. & Tel.......	3.42	NF	115⅝	78	115	2.00	1.8	A-2	Valuable rights will probably be offered from time to time in view of continued expansion.
Louisville Gas & Elec. "A"...	2.88(b)	NF	59	35⅞	56	1.75	3.2	A-2	Higher earnings to be realized from expansion mean higher disbursements eventually.
Middle West Utilities..........	14.45	NF	506	158⅝	464	7.00	1.5	A-2	Recapitalization of company probably means higher disbursements in aggregate.
National Power & Light.......	1.98	1.99(h)	67⅝	42½	65	1.00	1.5	A-2	Gradual increase in disbursements appears probable.
Pacific Gas & Electric.........	3.17	3.40(j)	73⅞	53⅝	70	2.00	2.9	A-1	Earnings warrant increase in dividends.
Pacific Lighting	8.81	5.18(j)	117¾	70	116	3.00	2.8	A-1	Rising earnings make higher dividend possible.
Penn-Ohio Edison	2.68	3.01(j)	106½	53	94	1.00(1)	1.1	A-2	No change in present dividend policy likely.
Peoples Gas, Light & Coke....	11.36	11.40(g)	400¼	208	400	8.00	2.2	A-2	Conservative dividend policy will be continued. Recapitalization a possibility.
Public Service of N. J........	3.51	NF	124⅝	75	119	2.60	2.2	A-2	Earnings steadily increasing and higher rate may be established in future.
Southern California Edison.....	3.09	3.01(j)	72¾	53⅝	71	2.00	2.9	A-1	Dividend will probably remain unchanged in view of periodic stock offerings.
Standard Gas & Electric.......	6.57	NF	140⅞	80¾	138	3.50	2.7	A-1	Larger dividends warranted by higher earnings.
Third Avenue	nil(c)	nil 10 mos.	39	12¼	13	none	—	B-2	Present 5-cent fare allows no earnings for company.
Twin City Rapid Transit.......	2.83	2.64(d) 6 mos.	58¼	39	40	4.00	10.0	B-1	Dividend resumed this year on granting of increase in fares.
United Corporation	—	NF	75⅛	58¾	67	none	—	A-2	Organized in January this year. Common dividends will probably be deferred for some time.
United Gas Improvement.......	6.99(y)	NF	299⅝	155⅛	287½	4.50(y)	1.6	A-2	After recapitalization, $1.00 will be paid on new stock, equivalent to $5.00 on old.
Utilities Power & Light "A"..	4.95(a)	NF	55⅝	35	54	2.00(3)	3.7	A-2	No change in present dividend policy apparent.
Western Union	15.11	7.33(d) 6 mos.	229	179¾	222	7.00	3.3	A-1	Dividend policy conservative, but cash rate may be increased.

(a) Applicable on Class A shares. (b) On Class A and B shares (or common) combined. (c) For year ended June 30th. (d) Six months ended June 30, 1929. (g) Year ended March 31, 1929. (h) Year ended May 31, 1929. (j) Year ended April 30, 1929. (x) Before depreciation. (y) On old stock before recapitalization. NF—No figures. (1) Plus 4% stock. (2) Plus 5% stock. (3) Or 10% in stock.

Position of Leading Equipment Common Stocks

Electrical

	Share Earnings 1928	Share Earnings 1929	Price Range 1929 High	Price Range 1929 Low	Recent Price	Dividend	Cash Yield	Market Rating	COMMENT
General Electric	$7.15	$4.26 6 mos.	377¾	219	377	$6.00	1.6%	A-1	Will no doubt continue policy of periodic extra payments.
Westinghouse Elec. & Mfg.	8.78	4.92 6 mos.	206½	137½	204	4.00	2.0	A-1	Steady increase in earnings warrant higher distribution from time to time.

Railroad

	Share Earnings 1928	Share Earnings 1929	Price Range 1929 High	Price Range 1929 Low	Recent Price	Dividend	Cash Yield	Market Rating	COMMENT
American Brake Shoe & Foundry	3.57	NF	62	45	57	2.40	4.2	A-2	Dividend increased to present rate in June, but improved earnings and outlook may mean further increase in time.
American Car & Foundry	2.75(a)	1.02(a)	106⅛	92	100	6.00	6.0	A-2	Improved outlook indicates dividend will be earned this year.
American Locomotive	1.92	2.24 6 mos.	136	102⅝	128	8.00	6.2	A-1	Strong financial position and improvement in business indicate dividend will probably be maintained.
American Steel Foundries	3.01	2.59 6 mos.	79⅞	56	64	3.00	4.7	A-2	Sharp recovery in earnings, but dividend will probably be kept the same for some time.
Baldwin Locomotive	1.66(c)	NF	271½(c)	210(c)	250½(c)	7.00(c)	2.8	A-2	After 4 for 1 split, new stock will probably carry dividend of $1.75 or same rate as at present on $100 par stock.
General American Tank Car	5.63	1.80(d) 3 mos.	102	81	96	4.00(x)	4.2	A-1	In view of expansion program, will probably continue present dividend of cash and stock.
General Railway Signal	5.25	2.69 6 mos.	122⅜	93½	116	5.00	4.3	A-2	Second half of year should be better than first half, but no change in dividend anticipated.
Lima Locomotive	def.	NF	57¾	42¾	54	none	—	B-1	Resumption of dividend passed in 1928 dependent on recovery of earning power. Current position strong.
Westinghouse Air Brake	2.05	1.37 6 mos.	55¾	43¼	53⅛	2.00	3.8	A-2	Earnings above last year, but dividend probably will be kept at present rate.

Business

	Share Earnings 1928	Share Earnings 1929	Price Range 1929 High	Price Range 1929 Low	Recent Price	Dividend	Cash Yield	Market Rating	COMMENT
International Business Machines	8.83	5.29 6 mos.	246½	149⅜	233	5.00	2.1	A-2	Record earnings warrant higher rate. May again pay stock dividend.
Remington Rand	1.15(f)	0.80 3 mos.	50⅛	28	49	none	—	A-2	Record business and operating economies have re-established earning power to point where common dividend may be resumed.
Underwood-Elliott-Fisher	6.15	4.57	165¼	91	157	4.00	2.5	A-1	Further gains from amalgamation and diversification of products expected. Higher dividend probable.

Agricultural

	Share Earnings 1928	Share Earnings 1929	Price Range 1929 High	Price Range 1929 Low	Recent Price	Dividend	Cash Yield	Market Rating	COMMENT
Advance Rumely	nil	NF	104⅞	27	37	none	—	B-1	Slump in wheat prices adversely affected business and caused deferring of preferred dividend adjustment.
J. I. Case Company	27.73	NF	388½	308	366	6.00	1.6	A-2	Now sells full line of farm equipment, tending toward more stable earnings. Dividend increase will probably be deferred.
International Harvester	5.57	NF	127	92	121	2.50	2.1	A-2	Motor truck division expanding. No dividend increase likely in near future.

Machinery

	Share Earnings 1928	Share Earnings 1929	Price Range 1929 High	Price Range 1929 Low	Recent Price	Dividend	Cash Yield	Market Rating	COMMENT
Allis-Chalmers	11.28	7.72 6 mos.	284½	166	279	7.00	2.5	A-1	Dividends will be increased from time to time to conform with expanding earnings.
Chicago Pneumatic Tool	3.08	1.93 6 mos.	44⅝	28¼	42	none	—	A-1	Substantial earnings being shown on new common, but dividends may be deferred for some time.
Ingersoll-Rand	7.86	NF	164¾	120	160	5.25	3.3	A-2	Company's policy is to pay extra dividends rather than increasing the regular rate.
Worthington Pump & Machinery	nil	4.57 6 mos.	77¾	43	73	none	—	B-1	Has resumed payment of preferred dividends, but common dividends are still some distance off, pending settlement of preferred accumulations.

(a) Year ended April 30. (c) Old stock, before split up of 4 for 1. (d) Before Federal taxes. (f) Fiscal year ended March 31.

BONDS

SOUTHERN PACIFIC
4½s Due May 1st, 1969

Strong Investment Has Added Speculative Appeal

Stock Purchase Warrants Enable Bondholders to Take Advantage of Company's Bright Prospects

By Francis C. Fullerton

Steady Growth in Earnings Since Federal Control

	Gross revenues	Net operating income	Surplus after charges	A share on commission
1928	$300,104,027	$54,908,101	$39,028,633	$10.48
1927	297,745,406	51,604,069	33,702,524	9.05
1926	298,800,998	55,796,717	38,791,374	10.42
1925	295,102,000	50,043,000	35,657,410	9.58
1924	291,727,110	48,101,416	35,754,416	10.24
1923	287,204,634	54,228,023	44,552,482	12.94
1922	262,519,169	46,222,846	32,600,156	9.47
1921	269,495,365	35,946,791	30,618,778	8.90

MAKING a radical departure from the usual form of railroad financing, the Southern Pacific Company issued a 65 million dollar bond issue to its shareholders a few months ago, on terms that provided an option to buy shares at $145 a share during a five-year period to May 1st, 1934. The primary purpose of this financing was to retire some 53 million dollars of 4 per cent bonds at their maturity on June 1st. The privilege to buy these bonds—the 4½s of 1969—at a price of 94 and interest was given to all the shareholders in the proportion of 17½ per cent of their stock ownership as a "bonus."

Due to the depressed state of the bond market immediately following this financing, the "rights" to buy bonds turned out to be a rather meager gift. Their actual market value ranged between ⅛th and 1/64th as the "per share" interest of each stockholder in the deal, this quotation being merely a nominal valuation, probably supported by the company's bankers. Between the date of the company's offering and the present, these bonds sold down to a low of 90, with the price of the shares from 10 to 15 points below the purchase price for new shares specified in the stock purchased warrants which accompanies the bonds. This introduces the speculative feature of the issue—the value and purpose of the warrants which will be discussed forthwith.

Comparison of Two Issues

In January of 1928, Southern Pacific offered through its bankers an issue of 30 million dollar 4½ per cent bonds due 1968 which in every respect except for the warrants and the maturity date are a replica of the 4½s of 1969, here under review. The Series of 1928 was sold at 99¾ to yield approximately 4.5 per cent. This issue was sold entirely on an investment basis and having no warrants attached, represents a fairly good yard stick to measure the investment values of its companion-bond, the 4½s of 1969 with warrants. As an indicator of the great southwestern railroads credit position, it is noted that the Series of 1928 commanded a 4½ per cent yield basis in a fairly satisfactory bond market and yields about 5 per cent at its current quotation of around 92. Consequently, the investor is able to appraise the investment values of the Series of 1929 independently and see rather definitely how much he is paying for the investment and how much he is paying for the speculative privilege to buy common stock that goes with the issue through the stock purchase warrants attached to each bond.

At the low ebb of both issues during May of this year while the new financing was being absorbed by the bond market, the Series of 1929 (with warrants, commanded a premium of about a point and a half over the Series of 1928 (without warrants). This was also at a time when the warrants held only a potential value. At present when the common shares of Southern Pacific sell approximately at 145 (the purchase price of the warrants) the premium between the two issues is between four and five points. Should considerably higher values prevail for the common shares in the future, this "spread" would increase. In the meantime, however, the investor has the advantage of appraising just what he is paying for the speculative feature of the bond. Incidentally, this advantage does not prevail with a great many convertible or warrant bonds. Usually

the investor has little means of knowing what the speculative appeal is costing him in the way of investment values or income return.

From the investment standpoint, the Southern Pacific 4½s of 1969, may be classified as a high grade railroad issue. Although not secured by mortgage, the position of the Southern Pacific "system" from both a financial and an operating standpoint is sufficiently strong to make its "debenture" obligations highly desirable from the strictly investment standpoint. The Southern Pacific Company is a holding company with extensive interests in industrial companies and large investments in lumber, coal, oil, land, mining, steamship, terminal and interurban properties, in addition to its primary function as the operator of 16,700 miles of railroad line within its own "system" and affiliated companies. With such broad interests and resources that in some instances still await full development, it is at least as desirable from the investor's standpoint to have his obligation cover the broad range of the companies' vast activities as to have specific mortgage security on an isolated division of road or parcel of property vested in the name of subsidiary.

With a total funded debt of over 600 million dollars, the company has been able to show an average earning power since 1921 of approximately 2½ times its interest requirements. The balance of earning power consumed by the company's fixed charges is sufficient to support a market valuation of approximately 540 million dollars for its capital stock—representing the equity behind the outstanding bonds. These figures are mentioned to emphasize the investment strength of such an issue as the 4½s of 1969 which otherwise, in the absence of mortgage security, might be underrated by the popular formulas used to determine bond ratings.

Warrants Attached

In order to make the issue attractive to its shareholders, the company arranged to attach to the bonds a stock purchase warrant which entitles the holder of each $1,000 bond to subscribe to three shares of Southern Pacific common stock at 145 per share. These warrants represent the speculative side of the issue, a side that is decidedly limited to be true but which holds immediate interest with the quotations for the stock at around the purchase figure. Southern Pacific common sold as low as 124 during the early part of the year and as high as 150 in July. The cash value of the right to buy new stock may be calculated on a

(*Please turn to page* 701)

Bond Buyers' Guide

NOTE.—The following list of bonds has been arranged solely on the basis of current yields to maturity. The position of any issue is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Panama 5½s, 1953 (a)	....	...	102½GT	99	5.6	5.6
Argentine 6s, 1959 (a)	....	...	100	99	6.1	6.1
Dominican 5½s, 1942 (a)	....	...	101G	95	5.8	6.1
Haiti 6s, 1952 (b)	....	...	100	97	6.2	6.2
Chile 6s, 1960 (a)	....	...	100	92	6.5	6.6

Railroads

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Atchison, Top. & S. F. Conv. 4s, 1955	267.4	5.51	110	88	4.5	4.9
Pennsylvania 5s, 1964	....	3.25	102T	102	4.9	4.9
Illinois Central 4¾s, 1966 (a)	....	1.75	102½GT	98	4.8	4.9
Central Pacific Guar. 5s, 1960 (a)	....	2.25	105GT	100	5.0	4.9
Rock Island-Frisco Terminal 1st 4½s, 1957 (d)	....	X	102½T	92	4.9	5.0
Western Pacific 1st 5s, 1946 (b)	....	1.27	100	98	5.1	5.2
N. Y., Chic. & St. L. Ref. 5½s, 1974 (a)	59.6	2.12	105	104	5.2	5.2
Missouri Pacific 1st & Ref. 5s, 1977 (a)	125.2	1.28	105A	97	5.2	5.2
Wabash Ref. & Gen. 5½s, 1975 (a)	62.4	1.75	105AG	103	5.4	5.3
Central of Georgia Ref. 5½s, 1959	31.1	1.56	105AG	103	4.8	5.3
Chic. & W. Indiana 1st Ref. 5½s, 1962	49.9	1.50	105	103	5.3	5.4
Great Northern Gen. A 7s, 1936 (b)	139.8	2.36	....	110	6.3	5.4
Carolina, Clinchfield & Ohio 1st & Cons. 6s, 1952 (b)	13.9	X	107½T	107	5.6	5.4
Nor'n Pacific Ref. & Impr. 6s, 2047 (a)	166.7	2.43	110G	110	5.5	5.5
Balt. & Ohio Ref. & Gen. 6s, 1995 (a)	284.2	2.05	107½AG	108	5.5	5.5
Southern Railway Dev. & Gen. 6s, 1956	133.8	2.48	....	112	5.3	5.7
Cuba R. R. 1st 5s, 1952	....	2.78	....	84	5.9	5.9
Minn., St. Paul & S. S. M. 1st 4s, 1938	....	1.59	....	55	4.5	6.0

Public Utilities

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Indiana Natural Gas & Oil Ref. 5s, 1936	....	2.62	....	101	4.9	4.8
Pacific Gas & Elec. Gen. Ref. 5s, 1942	34.6	1.92	105T	100	5.0	5.0
Consol. Gas of N. Y. Deb. 5½s, 1945 (a)	....	5.40	106T	105	5.2	5.0
Columbia Gas & Elec. Deb. 5s, 1952	....	5.15	105T	98	5.1	5.1
Montana Power Deb. 5s, 1962 (a)	34.7	2.67	105T	98	5.1	5.1
Detroit Edison 1st & Ref. 6s, 1940 (b)	14.0	3.27	107½T	107	5.6	5.1
Utah Power & Light 1st 5s, 1944	....	2.90	105	99	5.1	5.1
Postal Tel. & Cable Co., Tr. 5s, 1963	0.6	1.99	105	93	5.4	5.5
Hudson & Manh'n 1st Ref. 5s, 1957 (b)	5.9	2.63	105	88	5.7	5.8
Seattle Electric—Seattle Everett 1st 5s, 1939 (d)	....	2.01	105	94	5.3	5.8
Amer. W. Wks. & El. Deb. 6s, 1975 (a)	12.7	1.43	110	102	5.9	5.8
Phil. Rap. Trans. 6s, 1962 (c)	10.0	1.31	105	98	6.1	6.1
Twin City Rap. Transit 1st & Ref. 5½s, 1952 (b) (d)	4.4	1.68	105T	84	6.5	6.8

Industrials

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Youngstown Sh. & Tube 1st 5s, 1978 (a)	....	3.74	105T	100	5.0	5.0
Gulf Oil Deb. 5s, 1947 (c)	....	4.59	104AT	100	5.0	5.0
Allis Chalmers Deb. 5s, 1937 (a)	....	4.61	103T	99	5.1	5.2
International Match Deb. 5s, 1947 (a)	....	57.03	103T	95	5.3	5.4
Chile Copper Deb. 5s, 1947 (a)	....	5.69	102T	95	5.3	5.5
Amer. Cyanamid Deb. 5s, 1942	....	9.52	100	95	5.3	5.6
Sinclair Pipe Line 5s, 1942 (a)	....	3.68	103	94	5.3	5.6
Bethlehem Steel Cons. 6s, 1948	101.3	2.64	105	104	5.8	5.7
B. F. Goodrich 1st 6½s, 1947 (a)	....	2.61	107A	107	6.1	5.9
U. S. Rubber 1st & Ref. 5s, 1947 (b)	2.6	1.70	105A	89	5.6	5.9
Loew's Inc., 6s, 1941 (ex-war.) (a)	....	6.70	105AT	93	6.4	6.4

Short Terms

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
N. Y., Chic. & St. Louis 2nd & Impr. 6s, May 1, 1931 (a)	17.3	2.12	102	101	5.9	5.4
Amer. Cotton Oil 5s, May 1, 1931	....	19.32	105	98	5.1	5.6
Middle West Util. notes 5½s, Aug. 1, '31	....	12.38	100¼	99½	5.5	5.8
Brooklyn Edison 6s, Jan. 1, 1930 (a)	12.0	5.87	105	102	5.9	6.1

Convertible Bonds

	Conv. Into	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Inter'l Tel. & Tel. Deb. 4½s, '39	Com.@200	6.02	102½	162	2.8	..
Atch., Top. & S. F. Deb. 4½s, '48	Com.@166.6	5.51	102	144	3.1	..
N. Y., N. H. & Hart. 6s, '38	Com.@100	1.69	...	130	4.6	3.8
Amer. Inter'l Corp. Deb. 5½s, '49	Com.@80	2.34	105	109½	5.0	4.3
Inter'l Cement Corp. Deb. 5s, '48	Com.@90.90	4.61	105	105	4.7	4.8
Chesapeake Corp. Col. Tr. 5s, '47	C & O@220	2.45	100	98	5.1	5.1

All bonds are in $1,000 denominations only, except (a) lowest denomination $500, (b) $100.

A—Callable as a whole only. T—Callable at gradually lower prices. G—Not callable until 1930 or later. X—Guaranteed by proprietary companies. (c) Listed on New York Curb. (d) Available over-the-counter.

Market Indicators

Factors That Will Affect Your Stocks

EARNING approximately 54 million dollars in the second quarter, U. S. Steel Corporation more than doubled its earnings for similar periods in both 1928 and 1927, thereby coming up to the most optimistic expectations. In the face of such a fine showing, many shareholders expected some sort of an "extra"—but were disappointed. On second thought, they decided that earnings are more pertinent to the question of stock value than dividends. After a momentary lull, therefore, Steel shares went to a new record high. Presumably the market is willing to give the directors a little more time in this matter of higher dividend payments.

* * *

NINETEEN TWENTY-NINE will be a banner year for the electrical equipment companies. General Electric's volume of new business booked for the first half of the year is 30 per cent higher than the corresponding period in 1928. Earnings for the second quarter amounted to $2.34 per share as compared with $1.82 per share in the second quarter last year. Demand for the shares of the two dominating companies in this field, encouraged by the current outlook in their industry, carried both General Electric and Westinghouse into new high ground.

* * *

INCIDENTALLY, Westinghouse showed better earnings in the second quarter of this year than General Electric. The June quarter earnings of the former amounts to $2.81 a share, bringing its earnings for the first half of the year up to $4.92 per share, compared with $4.26 in the same period for its "big brother" General Electric. Although Westinghouse does not enter the second half as auspiciously from the standpoint of bookings, there is a grave doubt in many minds whether the difference of about 175 points between the price of the two issues will be sustained.

* * *

SIX HUNDRED leading industrial, railroad and public utility corporations showed an increase of approximately 24 per cent during the first six months of 1929 over the first half of 1928. Classification of these figures by industries brings to light some interesting points. For example, the 15 automobile companies included showed an increase of 4.3 per cent, in spite of the much heralded record breaking volume of production in this industry. The oil companies (20 of them) on the other hand showed an increase of over 62 per cent in earnings, notwithstanding the "prostrate" condition that the industry is supposed to be in these days.

* * *

STUDEBAKER CORPORATION earned over a million dollars in the first six months of the year on its equity in Pierce-Arrow for which it gave two million dollars a few months ago. Not a bad investment! Aside from this particularly fortunate deal, which is roughly the equivalent of 55 cents a share, Studebaker earned $4.81 a share during the first half of the year, an increase of 37 cents a share over the same period of 1928.

* * *

BROKERS' loans make a new high within striking distance of six billion dollars ($5,960,000,000 for the week ended July 31st, to be more exact) thereby again reviving talk in The Street about ten billion dollar brokers' loans in the future.

* * *

THE Massachusetts Public Service Commission has certified that New York, New Haven & Hartford R. R. has used earnings for improvements and additions so as to offset losses that prevented the railroad from paying dividends of more than $5 a share, according to existing legislation in this state. With earnings of about $3.80 cents a share reported for the first six months, this particular action taken at the request of New Haven officials has more than ordinary significance.

* * *

PARAMOUNT FAMOUS LASKY CORP. will extend its Publix Theatres circuit through the acquisition of Saenger Theatres, Inc., which operates a chain of theatres in eleven Southern states and Central America. The Publix Theatres is the largest moving picture circuit in the country, comprising about 850 theatres prior to this latest acquisition. A surprisingly good second quarter's earnings amounted to approximately $2,550,000 and brought the first half year net income to about $2.30 a share on present capitalization. Domestic film rentals for June were 32 per cent higher than in 1928, which accounts largely for the improvement in earnings.

* * *

MONTGOMERY WARD'S inducement of "free postage" in the mail-order branch of the business has contributed to a surprisingly good showing in July sales. The gain for this month amounted to $5,831,714 or more than 40%. In view of the fact that this is the largest monthly gain during the past six years, it is interesting to see just how big a part the new mail order sales policy played in the final result. Seasonally the summer months are very dull for mail sales. During the early part of July, the company announced that it would pay the postage or freight on all mail order sales. Result—a 20% increase in mail order business.

Market Opportunities Among Cigarette Manufacturers

Concentration Upon Single Brands Aids in Stabilizing the Industry

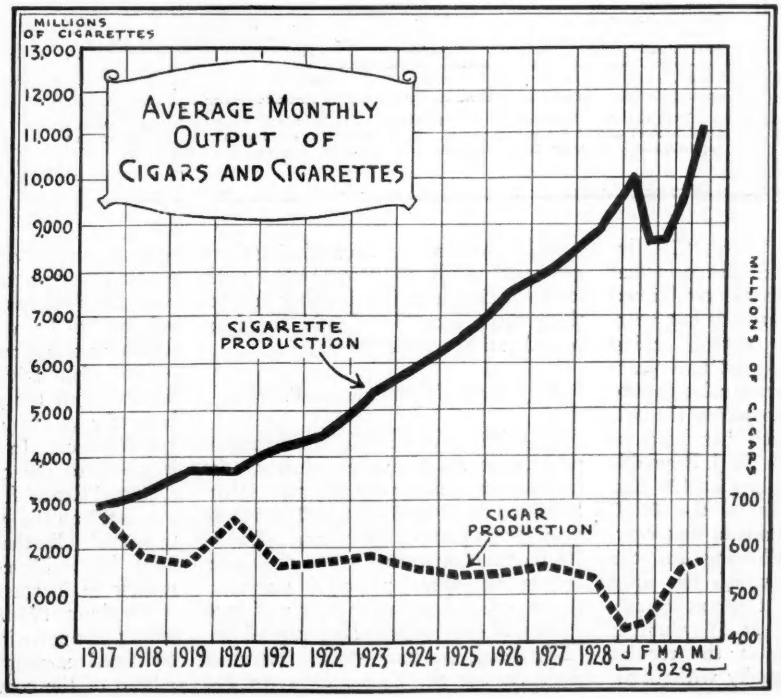
By THEODORE WOODS

OUT of the keen competition which has existed in the cigarette industry in recent years there has evolved, curiously enough, a stability of earnings for the three largest manufacturers unparalleled in any other large competitive industry. The very sharpness of competition forced each manufacturer to mass his advertising appropriations upon a single brand, where formerly he had scattered them over a number of brands. The success of this policy is reflected in a change in the buying habits of the smoking public. Where years ago smokers switched frequently from one cigarette to another, now the great majority cling tenaciously to a single brand year after year. The result has been that the three of four leading cigarettes have attained an ever increasing proportion of the total output. This, and the amazingly steady gain in consumption, has brought great prosperity to three of the principal makers, R. J. Reynolds, American Tobacco, and Liggett & Myers. They have profited immensely from the policy advocated by Andrew Carnegie "of putting their eggs in one basket, and *watching the basket.*"

In the past seven years the output of cigarettes in this country has doubled; in the past 14 years it has increased six-fold. Year after year new records in production are set, as is shown in the accompanying chart. Nor does the end seem in sight. Despite an increase last year of 9% in the domestic output as compared with 1927, and a gain in 1927 of 8½ over 1926, the rate of increase so far this year over the corresponding period of last year is even greater. For the first five months this year the rate of increase was nearly 17%, and for the month of May alone the gain amounted to better than 25%. A record year in 1929 seems assured.

The popularity of the American blended cigarette has not been confined to the United States, although exports are decidedly limited by the heavy import taxes and the tobacco monopolies in many foreign countries. An illuminating commentary on the popularity of the American type cigarette in foreign countries lies in the revelation by a London newspaper that former Premier Stanley Baldwin, who at the time of the discovery was vigorously supporting the slogan to "Buy Empire Goods," used American cigarettes exclusively.

The steady growth of demand for cigarettes is reflected in the expansion of earnings of the three most important manufacturers. As has been already pointed out, the keen competition in the cigarette field has been effectively combatted by the leading factors by concentration on single brands. The output of the three largest selling brands has more than kept pace with the increase in the domestic output, until today it is estimated unofficially that these three brands—Camels, Lucky Strikes, and Chesterfields—make up between 65% and 75% of the country's total production. The possession of these trade names and the good will which goes with them is unquestionably the greatest assets which these companies possess, despite their vast holdings of cash and securities. Entrance by new competitors



into the most profitable part of the cigarette business—that of manufacturing and selling blended, low-priced cigarettes in quantity is beset with much difficulty due to the tremendous advertising costs which are entailed. An illustration of this fact lies in the experience of P. Lorillard Company.

Lorillard is a long established manufacturer of Turkish type cigarettes, cigars and various tobaccos. Among its principal cigarettes are Helmar and Murad. Lorillard about five years ago found that it was dropping behind the other companies, due apparently to the fact that it did not have a large-selling, blended cigarette. A change in policy was inaugurated and somewhat over three years ago this company introduced the Old Gold. The tremendous cost of its attempt to popularize this brand brought about a decline in earnings and made it necessary to omit dividends on the common stock. The company has, however, undoubtedly made a great impression with its new cigarette and sales have made noteworthy gains. A further analysis of this company's status will be made later in this article.

Records Established Last Year

Lorillard's experience is indicative of the difficulty of cutting in upon the sales of the three leading factors. Despite the aggressive competition of the Lorillard company and the fact that prices were cut in April, 1928, by about 12%, all three of the principal manufacturers of cigarettes established new high records in earnings last year.

A comparison of current selling prices with those of about two years ago reveals that the principal cigarette stocks have not participated in the bull market in stocks which has been in progress in that period. R. J. Reynolds on August 1st was selling at 135 and yielded 4.8% on basis of the $6.50 which it paid in dividends in that year, including extras. Allowing for the 2½ for one split-up which has since occurred, it is selling at almost exactly the same price today, at 55 where it yields 4.4% on basis of the regular dividend of $2.40 annually without allowing for any extras which may be declared. American Tobacco has risen from 144 to 175 in two years, and, since the dividend has remained unchanged at $8, the yield has dropped from 5.5% to 4.6%. Liggett & Myers has declined in price from 117 to 88 in two years, and with the increase in the annual dividend, including extras, from $4 to $5 the yield has risen from 3.4% to 5.7%.

The little progress made by the three principal cigarette stocks during two years of rising security prices reflects, first, an already generous valuation placed upon these stocks in 1927; and, secondly, some hesitation by security buyers to purchase cigarette stocks in view of the increasingly keen competition. Considering the progress which these three companies seemingly can make in the face of the keenest competition, however, and considering their generous yields in comparisons with stocks of similar caliber in other groups, these three securities should be given consideration by the investor.

Leading Cigarette Manufacturers Compared

	R. J. Reynolds	Amer. Tobacco	Lig. & Myers	Lorillard
1928 net income	$30,172,563	$25,016,799	$19,408,644	$1,817,428
Per share	$3.02	$11.19	$6.82	75 cents
Estimated 1929 per share....	3.15	12.10	7.10	......
Selling times 1929 est. earnings	18	14	12	......
Funded debt at end of 1928..	none	1,111,350	28,431,200	35,105,200
Preferred stock	none	52,699,700	22,514,100	11,307,600
Common stock (shares)......	10,000,000	1,148,069	2,614,638	1,361,745
Working capital	$126,236,230	$109,401,643	$117,214,193	$60,114,559
Inventories	97,595,012	91,385,293	92,851,710	53,941,949
Cash	14,958,877	17,033,608	19,707,829	3,183,575
Current dividend	$2.40	$8	$5 (inc. ex)	none
Approximate price	55	175	88	23
Yield	4.4%	4.8%	5.7%	......

Explanations: Share earnings are figured on common and common B stocks, which are identical except for voting rights. R. J. Reynolds' earnings are figured on present capitalization, allowing for 2½ for one split-up, which occurred early this year.

R. J. Reynolds Maintains Position

R. J. Reynolds occupies the strongest position in the cigarette industry. Its net earnings last year of more than $30,000,000 were $5,000,000 above its nearest competitor, American Tobacco. Its financial structure is the only one, among the three principal manufacturers, which has no bonds or preferred stock, its only outstanding capital liability being common stock. Its chief products are the Camel cigarette and Prince Albert tobacco. Assuming that the company's earnings will show the same rate of increase this year over 1928, as 1928 showed over 1927, Reynolds will earn $3.15 a share this year, so that at 55 the stock is selling at 18 times estimated 1929 earnings, a considerably higher ratio than exists in the case of American Tobacco or Liggett & Myers.

Reynolds stock must be regarded as a high grade investment issue. With only one class of stock to share in earnings and with an extremely strong treasury position, the company could easily pay an extra above its regular $2.40 annual rate of between 20 cents and 50 cents a share before the end of the year. This would increase the 4.4% return yielded by the stock on its regular dividend. Such an extra would be in line with the company's policy before the stock was split up on a 2½ for one basis early this year. The stock yields a comparatively fair return for such a high grade equity issue, and over a period of years the dividends paid should increase, as earnings gradually expand, and the stock should appreciate in value.

American Tobacco's Sales Gain

American Tobacco Company's sales of its principal cigarette, Lucky Strikes, showed a greater increase last year than all other cigarettes manufactured in this country combined, according to the company's own advertisements. The company's success in expanding its sales volume has been reflected in its stock which, as was shown in a previous comparison, has advanced more, proportionately, in the past two years than have the stocks of Reynolds or Liggett & Myers. In some circles objection is raised to the company's advertising slogan: "Reach for a Lucky instead of a sweet," on the grounds that it is controversial. Be that as it may, the company has achieved a high degree of success in increasing sales.

At about 175 American Tobacco is selling at approximately 14 times 1929 estimated earnings of $12.10 a share. Ahead of the common stock is a small

issue of bonds and a large issue of preferred stock. The common stock is a high grade issue with a somewhat more speculative appeal than Reynolds. This speculative appeal is heightened by the comparatively high selling price of the shares and the probability that some action will be taken toward splitting them up in the not distant future. Such action might readily be accompanied by rising quotations for the shares. An increase in the dividend would logically follow any split-up.

Liggett & Myers

Liggett & Myers stock has receded in price due, not to any retrogression in earnings, but principally to the fact that the rate of increase in earnings has not been quite so large in the last two years as in the preceding two years. In 1925 and 1926 Liggett & Myers showed the largest gains in earnings among the big three, and consequently its stock enjoyed a sharp advance. The company increased its dividend last year. In the preceding three years it had paid $3 regularly and $1 extra; in 1928 it paid $4 regular and $1 extra. The $1 extra has already been declared and paid for in 1929, so that the stock is virtually on a $5 basis. Its yield at current quotations around 88 is thus generous, around 5.7%. The company manufactures a number of leading brands in addition to Chesterfields, including Fatima and Piedmont cigarettes.

On the basis of 1929 estimated earnings of $7.10 a share, Liggett & Myers is selling at about 12 times earnings. Ahead of the common stock there is $28,000,000 of bonds and $22,000,000 of preferred stock. Selling in such a favorable relation to earnings, and yielding such a generous return for an equity stock, Liggett & Myers appears to be reasonably priced and in any return of interest to tobacco stocks should advance substantially.

Strong Cash Positions

All three companies are strong in liquid assets. Indeed, as is shown in accompanying table, working capital, inventories and cash holdings are surprisingly alike for all three. Reynolds' inventories bear a somewhat better relation to net earnings than either American Tobacco or Liggett & Myers, while Liggett & Myers' cash holdings are somewhat larger than its two competitors. However, generally speaking, there is so little difference between the positions of the companies in this respect that no choice can be made on these grounds.

In capital structure, Reynolds is to

(*Please turn to page* 722)

Preferred Stock Guide

NOTE: The following list of preferred stocks has been arranged solely on the basis of current yields. The position of any stock in the Guide is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

Railroads

	Div. Rate $ per Share	Earned $ per Share 1926	1927	1928	Redeemable	Recent Price	Yield %
Norfolk & Western	4 (N)	160.35	133.40	133.73	No	85	4.7
Union Pacific	4 (N)	41.17	39.85	46.32	No	81	4.9
Atchison, Top. & S. Fe	5 (N)	48.83	40.47	40.21	No	101	4.9
Pere Marquette Prior	5 (C)	68.77	64.08	75.60	100	96	5.2
Southern Railway	5 (N)	39.33	36.17	32.11	100	95	5.2
Baltimore & Ohio	4 (N)	48.41	38.44	49.44	No	76	5.3
Colorado & Southern 1st	4 (N)	52.56	57.76	49.45	No	75	5.3
Wabash "A"	5 (N)	11.86	6.87	9.24	110	91	5.4
St. Louis Southwestern	5 (N)	12.00	9.30	8.84	No	92	5.4
Colorado & Southern 2nd	4 (N)	48.50	53.76	45.46	No	70	5.7
N. Y., Chicago & St. Louis	6 (C)	24.65	20.31	17.68	110	105	5.7
N. Y., New Haven & Hart	7 (C)	....	22.05	34.40	115	122	5.7
Kansas City Southern	4 (N)	10.86	9.04	14.01	No	65	6.2
**St. Louis, San Francisco	6 (N)	16.12	15.28	17.44	115	95	6.3
Missouri, Kans. & Tex	7 (C)	....	13.06	16.34	110	105	6.7

Public Utilities

	Div. Rate $ per Share	Earned $ per Share 1926	1927	1928	Redeemable	Recent Price	Yield %
Public Service of New Jersey	8 (C)	§21.46	§16.28	20.92	No	150	5.3
Columbia Gas & Electric	6 (C)	27.81	25.42	30.78	110	107	5.6
Philadelphia Co.	3 (C)	24.20	28.28	16.55	No	53	5.7
Federal Light & Traction	6 (C)	41.51	39.67	49.93	110	100	6.0
American Water Works & El.	6 (C)	22.63	24.30	31.05	110	99	6.1
Standard Gas & Electric	4 (C)	20.00	16.76	14.07	No	64	6.2
Electric Power & Light	7 (C)	13.83	16.21	17.00	110	106	6.6
Continental Gas & Elec. Prior	7 (C)	26.28	32.71	22.39	110	104	6.7
Postal Tel. & Cable	7 (N)	....	....	7.19	110	103	6.8
Hudson & Man. R. R. Conv.	5 (N)	40.32	40.70	37.02	No	74	6.8
Amer. & Foreign Pow. 2nd	7 (C)	8.89	3.58	5.33	105	96	7.3

Industrials

	Div. Rate $ per Share	Earned $ per Share 1926	1927	1928	Redeemable	Recent Price	Yield %
Mathieson Alkali Works	7 (C)	67.86	74.06	84.50	No	123	5.7
Case (J. I.) Thresh. Mach.	7 (C)	29.39	38.43	32.59	No	121	5.7
Bethlehem Steel Corp.	7 (C)	20.84	16.32	19.16	No	121	5.8
General Cigar	7 (C)	51.26	67.32	62.81	No	118	5.9
American Locomotive	7 (C)	20.88	16.60	10.83	No	119	5.9
Brown Shoe	7 (C)	29.69	44.12	35.27	120	118	5.9
Deere & Co.	7 (C)	23.22	25.74	29.52	No	118	5.9
Baldwin Locomotive	7 (C)	29.42	12.21	1.66	125	118	5.9
Bush Terminal Buildings	7 (C)	‡	‡	‡	120	114	6.1
Goodrich (B. F.) Co.	7 (C)	13.96	39.19	10.36	125	112	6.2
Crucible Steel	7 (C)	26.19	22.47	22.54	No	112	6.2
Spicer Mfg. Conv.	3	58.54	74.42	26.00	57½	48	6.2
Bucyrus-Erie	7 (C)	....	....	39.34	120	111	6.3
International Silver	7 (C)	24.39	30.82	27.48	No	110	6.4
American Sugar	7 (C)	14.08	7.97	14.60	No	108	6.5
General Cable Co.	7 (C)	27.69	25.72	25.92	110	106	6.6
U. S. Smelting, Ref. Mng.	3.5 (C)	6.25	6.28	8.43	No	53	6.6
Glidden Co. Prior	7 (C)	23.91	32.69	32.69	105	105	6.7
Bush Terminal Debentures	7 (C)	16.81	18.88	20.55	115	104	6.7
Associated Dry Goods 1st	6 (C)	27.67	24.10	24.55	No	88	6.8
Commerce Investm. Trust 1st.	6½ (C)	27.72	24.36	45.50	110	94	6.9
Goodyear Tire & Rubber	7 (C)	11.83	18.30	18.90	110	101	6.9
Tidewater Assoc. Oil conv.	6 (C)	13.35	7.35	19.49	105	87	6.9
Loew's, Inc.	6½ (C)	....	....	57.12	105	93	7.0
Otis Steel Prior	7 (C)	16.36	11.80	28.68	110	100	7.0
International Paper	7 (C)	11.31	7.42	4.53	115	88	8.0
Consolidated Cigar Prior	6½ (C)	....	26.45	32.74	105	78	8.3

C—Cumulative. N—Non-cumulative. § Earned on all pfd. stocks. ‡ Guaranteed unconditionally by Bush Terminal Co. ** Adjusted to basis of present stock.

SHELL UNION OIL COMPANY

Invasion of Eastern Markets Rounds Out National Marketing Position

Steady Earnings and Strong Financial Position Give Shares Investment Merit

By J. E. Muckley

THE brilliant red and yellow trade mark of the Shell organization, so long familiar on the West Coast is now making its appearance in New York and other cities along the Eastern seaboard. Their presence in the East symbolizes the characteristic sagacity of the Shell Union Company management. Heretofore, under conditions of overproduction that now exist in the petroleum industry, the distress supplies of refined products in the western districts found their way to the heavy consuming eastern markets.

In the past, however, the movement of such supplies were a matter of considerable disruption to the older distributing companies in the East and served the good fortune only of a few opportunist gasoline brokers. This particular development, in contrast, represents an orderly movement of stocks not intended to upset an already highly competitive market. It also marks the rounding out of the distribution program of the Shell Union Oil Company, which now markets its production on literally a national basis.

The entrance of Shell Union into the Eastern markets was accomplished through a new subsidiary, Shell Eastern Petroleum Products, recently organized to take over assets of the New England Oil Company among other properties that would give it control over its own stations in the Eastern seaboard territory. The financing of this expansion was accomplished through the recent sale of 40 million dollars of 5½% convertible preferred stock.

Rapid Growth Since Organization

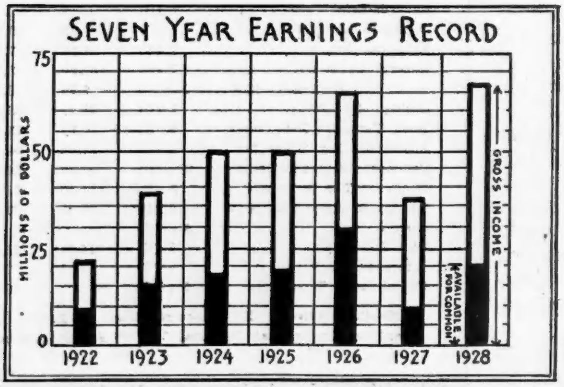
The Shell Union Oil Corp. was organized under the laws of Delaware in February, 1922, to take over practically all the properties of the Royal Dutch-Shell and Union Oil Co. of Delaware in the Mid-Continental and California fields. As a result of its relations with the Royal Dutch-Shell group those interests owned approximately 72% of the 13,060,000 shares outstanding as of June 25th.

The history of Shell Union in the past six years has been one of unusual growth. The annual net production of the company has risen from 16,644,000 barrels in 1922 to 47,788,351 barrels in 1928. At present the daily production is around 124,000 barrels and the company is outranked only by the Standard Oil of New Jersey, the Gulf Oil, the Standard Oil of California, and the Standard Oil of Indiana.

Refining capacity has increased even faster than production, and refineries have a daily intake capacity of 240,000 barrels as against 60,000 barrels in 1922. Rapid increase in owned and controlled pipe lines, totalling 3,085 miles at the end of 1928, places the company in a very favorable position, inasmuch as it can transport crude oil from West Texas direct to its refineries at Arkansas City, Wood River, and East Chicago, and to the refinery at Houston for shipment of finished products to other domestic markets on the Atlantic coast or for the export trade.

New Distributing Facilities

There has been equally as rapid development of distributing facilities during the past six years. Originally marketing its products in the Middle Western and Pacific Coast states, the company has expanded its organization until at the present time the "Shell" products are known to motorists in practically every state. As a result of this attempt to nationalize the distributing organization, the company now has over 29,600 pump outlets for its products. The recent invasion of the rich market by Shell Eastern Petroleum Products, in New England and on the Atlantic seaboard, constitutes the last link in a nation-wide chain for distribution and provides additional outlets for the increas-



ing output of the extensive Shell-Union interests.

Financially the company has also prospered. Gross sales have climbed from $45,735,301 in 1922 to $179,195,391 in 1928, net income has increased from $9,596,351 to $20,407,247 in the same period, and property account less depreciation and depletion has increased from $158,359,667 to $271,932,460. Earnings per share have been $2.97 in 1926, $1.13 in 1927, and $2.03 in 1928. Dividends were inaugurated on the common stock at the rate of $1.00 per year in September, 1922. At the end of 1924 the rate was increased to $1.40, which has prevailed since. An extra dividend of $0.60 per share was paid in December, 1926.

Strong Financial Position

An examination of the balance sheet as of December 31st, 1928, shows current assets of $72,378,723 against current liabilities of $23,303,340, giving a ratio of 3 to 1. Net working capital is $49,075,383, with cash and short term and demand loans of $19,854,429. Working capital has been augmented to the extent of $30,000,000 since the first of the year by the sale of 3,000,000 shares of common to stockholder at $10 per share. The position of inventories is favorable, as the total of $32,478,571 is moderate, and taken in connection with gross sales, shows an average rate of turnover in excess of 5½ times per year.

The capital structure consists of 13,060,332 shares of no-par value common stock, an issue of 40 million dollar 5½% convertible preferred stock, and a funded debt of 78 million dollars. As to the common stock, the Dec. 31st, 1928, balance sheet does not give effect to the subsequent financing. Funded debt is composed of $50,000,000 of Shell Union Oil Corporation twenty year 5% sinking fund gold debentures less $1,508,500 retired to date by the action of the sinking fund and $30,000,000 of Shell Pipe Line Corporation twenty-five year 5% sinking fund gold debentures less $581,000 retired by sinking fund.

Although neither of these issues are secured by mortgage, they are protected by indenture provisions preventing any mortgaging of properties without equally securing the debentures. In 1928 earnings available for dividends were equal to 5 times interest and sinking fund requirements on both issues, and they deserve to rank among the highest class of industrial investments.

A rather ample special reserve of $15,000,000 is carried, which has been created by appropriations out of income from 1923 to 1926 inclusive. Large sums have been charged for depreciation and depletion, such deductions amounting to no less than $44,012,082 in 1928, an amount equal to 24% of gross sales. These figures serve to show the conservative policy of the Shell management and the strong financial position of the company.

Not only is Shell Union inherently strong in its own name, but the 72% interest held by the Dutch-Shell group assures the financial backing of a company which is one of the leading industrial concerns in the world, and whose management has had a long experience in dealing with the major problems of the petroleum industry. Shell Union is the largest and most profitable of all the Dutch-Shell subsidiaries, accounting in 1928 for one-third of the world production of the group whose oil output is 50% greater than that of the largest American company, the Standard Oil of New Jersey. The fact that the present market value of the parent company's holdings in Shell Union Oil exceeds a quarter of a billion dollars serves to emphasize further the importance of Shell in the petroleum industry.

Shell Union has been a constant advocate of restriction of production, and for the last five years its shut-in production has ranged from 12,000 to 20,000 barrels a day. Since its organization the company has followed a policy of restricting its production to the lowest possible level consistent with competitive conditions, and of drilling wells only where necessary to protect its properties from drainage by others. Although the production of the company could be substantially increased, the management feels that restriction is in the best interests of the company and the industry.

It seems reasonable to expect that despite the large number of interests whose cooperation is necessary in order to solve the problem of overproduction, the grave situation experienced in 1927 will continue to provide a powerful stimulus to the leading oil companies to adopt an attitude whereby a fair return on their heavy investment is possible.

However, with its ability to refine and distribute its own production, and its strong financial position, Shell Union Oil shares appear attractive at present levels regardless of whether the problem of overproduction is solved satisfactorily in the near future or not. Inasmuch as the stock is selling within a few points of the price prevailing in 1927, it is apparent that if favorable development in the industry is in sight, such prospects have not been discounted.

Growth of Shell Union Oil

	Miles of Pipe Line	*Average Daily Production	*Daily Intake Capacity of Refineries	Millions of Dollars: Total Assets	Millions of Dollars: Additions to Plant
1922....	804	45,000	60,000	$215	$14.3
1923....	968	92,000	95,000	244	52.8
1924....	968	92,000	95,000	306	22.8
1925....	1299	95,000	105,000	332	18.0
1926....	1514	97,000	180,000	373	45.0
1927....	2064	100,000	220,000	456	48.6
1928....	3085	130,000	240,000	496	56.5

* In bbls.

Production figures are net and include one-half interest in Comar Oil Co. Prod.

Prospects for Common Stock

At the present price of 27, the yield from the $1.40 annual dividend is slightly over 5%. On a yield basis the shares are more attractive than those of other equally large units in the industry. The stock has not sold below 20 since 1924 and it reached an all time high of 39⅜ last November. Price fluctuations so far this year have been between 25¾ and 31¾. Earnings of $2.03 per share last year against $2.97 in 1926 despite an increase in gross income are explainable by the fact that $44,012,082 was charged to depreciation and depletion last year against only $28,230,574 in 1926. Thus the rate of depreciation on the total property account less accrued depreciation has increased from 12% in 1926 to 16% in 1928. Even taking into account the increased depletion due to increased production, it seems reasonable

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MINING

KENNECOTT COPPER

New Developments Give Strong Copper Added Investment Appeal

By Ferdinand Otter

LAST May, when the Kennecott Copper Corporation acquired the Chase Companies, one of the largest independent copper fabricating organizations, the management made a move of much greater significance than the financial public has yet realized. For the first time Kennecott enters the fabricating field, beginning a development which is quite likely to make the great Guggenheim copper producer a well rounded-out unit in the metal industry built along lines similar to the Anaconda Copper Mining Co.

The Chase acquisition, however, does not, in itself, accomplish this purpose. The output of the Kennecott group of mines is roughly 80,000,000 pounds of copper per month, between 50,000,000 and 60,000,00 pounds of which is sold in this country and between 20,000,000 and 30,000,000 of which is sold abroad. To establish a fair balance between production and fabricating capacity, therefore, Kennecott needs a manufacturing capacity of at least 30,000,000 or 40,000,000 pounds a month. The Chase plants now are using only about 5,000,000 pounds, and even with the plant extensions now in process of construction capacity probably will not be much over 10,000,000 pounds.

Candidates for Purchase

Assuming that other fabricating properties will be acquired, it is logical to speculate as to where they may be obtained. Among the larger independents are Scovill Manufacturing Co., which consumes about 5,000,000 pounds a month, and Bridgeport Brass, which uses between 2,000,000 and 3,000,000 a month; but in order to obtain the desired capacity it would be necessary to acquire a large number of much smaller independent units, a slow and possibly costly process.

American Smelting & Refining Co., the other great Guggenheim metal enterprise, smelts most and refines all of the electrolytic copper Kennecott produces. The Smelting company owns 20% of the capital stock of General Cable and 20% of the capital stock of Republic Brass, both large fabricators. Republic Brass alone has a larger fabricating capacity than American Smelting requires to take care of its own and its custom smelted copper. Possibly the Smelting company would co-operate with Kennecott, if necessary, in order to enable the producing organization to acquire one or both of its fabricating affiliations.

Incidentally, General Cable has a capacity of around 30,000,00 pounds a month and specializes in wire and cable products while the Chase plants produce mainly brass products and tubes. And then General Cable owns something like 15% of the capital stock of Republic Brass. Republic Brass uses about 20,000,000 pounds of copper per month. Republic Brass fabricates brass sheets and tubes.

From time to time there have been Street reports that Kennecott and American Smelting might merge, possibly on a share for share basis. Possibly these reports, or rumors, had their inception in the negotiations which were conducted last Spring, when Kennecott renewed a long term smelting and refining contract, but there seems to be some basis for the thought that relations between Kennecott and General Cable and Republic Brass eventually will become more direct. It will be recalled that there has been some open market accumulation of General Cable going on for some time. Possibly this has been for Kennecott, or for interests close to the Kennecott management.

It probably is only a matter of time before Kennecott makes some kind of an offer for the minority interest in Nevada Consolidated, which already has absorbed Ray Consolidated, which company previously had purchased Chino on an exchange of stock basis. Utah Copper, a 97½% owned subsidiary of Kennecott, already owns at least 43% of Nevada Consolidated. In due season Utah Copper may be completely absorbed, and stock to accomplish this absorption already has been set aside.

It will be observed that there is a real "merger complex" in the Kennecott situation. Something to attract a great deal of speculative interests exists in the company's outlook. The building of the Greater Kennecott may be a process fully as interesting as the building of the greater Anaconda has been.

A Gigantic Enterprise

Kennecott already is a gigantic enterprise. Including Nevada Consolidated, it owns or controls between 1,100,000,000 and 1,200,000,000 tons of known copper ore. It has a productive capacity of nearly a billion pounds of copper a year, and in 1928 the system actually turned out 801,000,000 pounds. The properties are scattered from Alaska to Chile, and include the largest individual operations in the United States. Utah Copper owns the largest known body of copper ore in the world except for that of Chile Copper. Nevada Consolidated, including Ray and Chino, is said to be able to turn out 350,000,000 pounds a year. The properties are distributed in such a way as to accomplish a peculiarly desirable geographical diversification of risks.

Kennecott and its subsidiaries produce enough copper to supply about 45% of the total requirements of the electrical equipment industry, or four times the requirements of the motor industry.

The total market value of the securities of Kennecott, Nevada (outside of

the Nevada stock owned by Kennecott) and Mother Lode Coalition (outside of the Mother Lode stock owned by Kennecott) recently was over 900 million dollars.

Properties Low Cost Producers

Not only are the properties large, but they are low cost producers. Last year Utah Copper produced copper at a cost of 6.38 cents a pound after depreciation, and this largest unit in the system now is doing even better. Nevada's costs last year were 8.78 cents a pound. Braden's costs were around 6 cents. Costs at the Alaskan properties, including the company's prorated share in Mother Lode, were around 8½ cents. In fact, the average costs of the Kennecott system apparently are not far from 7 cents a pound at the moment. This means a margin of profit of 11 cents a pound on an 18-cent metal market.

The Alaskan properties, vein mine producers, apparently have seen better days. Unless new sources of ore are discovered five years from now they will not figure largely in the company's total output, and even now they are contributing only about 5% of the company's total outturn. But the other properties are all long lived. Utah Copper probably will not be worked out in the lifetime of any present investor, and Nevada is good for at least 20 years, probably 30 years, and possibly 40 years more. Geologists are of the opinion that some of the Ray Consolidated properties, in particular, have a secondary enrichment similar to the ore deposits recently discovered in Greene Cananea. Braden, it will be recalled, is practically a virgin property.

Earning Power

The graph which accompanies this article attempts to estimate the earning power of Kennecott stock under present conditions. The figures presented, however, are mechanically derived and should be considered nothing more than approximations. For instance, 1928 production costs are assumed; whereas Kennecott actually is bettering 1928 costs under present conditions. The table shows that Kennecott is earning about $7.22 a share operating at the 1928 rate of production; the 1928 rate of production is being bettered. Operating at capacity with costs at their present standard Kennecott probably would earn at the annual rate of nearer $12 a share than $10.52 a share (indicated in the graph) on 20-cent copper.

Actually, Kennecott probably is earning between $8 and $9 a share in the present 18-cent metal market, lumping in the undistributed part of the company's share in the earnings of Nevada Consolidated. Only annual reports are published, so the only way to arrive at estimates is to go by 1928 costs for Braden and compute Kennecott's other earnings from the quarterly reports made public by Utah Copper and Nevada.

Since current earnings are running well in excess of the $5 annual dividend rate, there seems a good possibility that the management may see fit to increase the rate or order an extra distribution later this year. Like other copper producing companies, Kennecott always has followed a liberal dividend policy.

Copper Stabilization a Factor

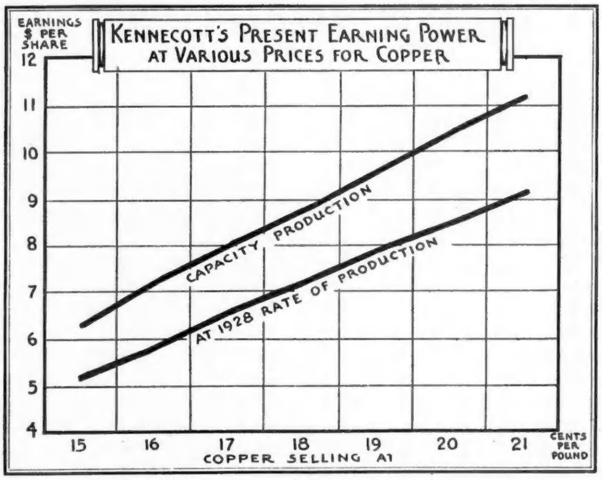
All copper stocks now are selling on a higher price basis, earnings considered, than formerly. This is because much progress has been made in recent years in stabilizing the metal market. Producers are in closer cooperation. The larger companies are more powerful, and have a more direct and a quicker control over production. Sources of information concerning copper consumption and production are more adequate. Anaconda's entrance into the fabricating field was a most important step for the whole copper mining business as well as for Anaconda. Kennecott's development in the fabricating line will add to this beneficient influence.

New Standard of Value

As the metal market has become better stabilized and producers have become larger, business risks have been reduced. It is a far step from the old Lake copper producers of pre-war days to the great super-industrial like Anaconda or the great super-mining company like Kennecott. The old "rule of ten" in figuring copper mining company share prices from per share earnings has passed. Actually, companies like Kennecott and Anaconda are practically self-perpetuating from an ore reserve standpoint, greatly reducing the productive life hazard which once was the biggest unknown factor in copper mining investment.

At recent prices Kennecott has been selling at a little less than ten times indicated current earnings and offering a dividend return of around 6%. The issue has greater investment value than almost any other copper stock because of the better distribution of the stock, the size of the enterprise, its large ore reserves and the low operating costs current at the constituent units. The stock has a distinct speculative appeal because of the company's apparent expansion intentions; and these expansion plans, if realized, should accomplish an equilibrium in the copper industry never before realized.

Of course the market behavior of the issue will depend on the action of the copper metal market; and the copper metal market will depend on national and international business trends. However, copper consumption never was larger than at present, even in war times; and production of the industry as a whole never was so well controlled.



This graph gives an indication of Kennecott's earning power under various prices for copper. It assumes costs of 7⅛ cents for Kennecott and 8¾ cents for Nevada (1928 costs) and computes the capacity of the Kennecott system outside of Nevada at 600,000,000 pounds per year and the capacity of Nevada at 350,000,000 pounds per year. No allowance is made for the earnings of Chase Companies since it is assumed that these properties will carry enough earnings to offset the shares issued in acquiring them. The figures, of course, have not been corrected to allow for the higher wages at American properties which always are paid as copper prices move higher. As a matter of fact, the cost of producing copper for a 20-cent market always is higher than the cost of producing it for a 15-cent market.

EDITORIAL PAGE

Building Your Future Income

An Informative Department On Estate Building

Investment Reserves

AT times like the present, when the stock market occupies the center of the stage, the small investor is often influenced to broaden his ideas and perhaps change his plans as far as savings and investment are concerned. This department consequently makes it a practice to re-state, from time to time, its "platform" for the small investor with limited funds and no great amount of experience with securities. During the past few months, more than the usual number of readers have written to ask us a question which we have answered many times before but which invariably reappears in one familiar form or another at times when the stock market is particularly active.

"Don't you think that stocks are better investments than bonds?"

This is the theme of the query now under discussion. In its broader ramifications the problem of our readers is this: Stock prices have been steadily rising during the past few years. Dividends have been increased as earnings grow. Extra "rights," split-ups, stock dividends and exchange privileges have proved profitable to the holders of these stocks. In addition to the higher income, stocks have increased in market value.

In contrast to this bright picture, there is the alternative of a bond investment. Here the amount of the income is definitely fixed and can never increase under any circumstances. In addition, during the past two years, high interest rates have had a depressive effect on bond prices with the result that many of the quotations today are somewhat lower than the prices paid a few years ago. Under such circumstances, is it not better to cut out bonds from the investment program entirely and place investment funds into common stocks exclusively?

In response to all the questions that are expressed or implied in the above paragraph, let us again restate our position and advice. The BYFI Department is concerned with the problems of the investment "beginner" as well as the experienced investor. Consequently, our "platform" starts off with this consideration: in order to create at the start a suitable backlog of *safe investments,* those who are interested in any systematic endeavor to Build Their Future Income, should eliminate the element of chance as much as possible in their earliest investments.

Bonds are the most suitable form of investment, wherever the element of chance is to be reduced to a minimum. There is only one consideration in a bond investment, namely, will the interest be paid promptly when due and will the loan be returned without delay or question at maturity? Stocks are intended to do something else and while they serve a useful purpose in attaining Financial Independence, they are not the starting point. Consequently, we retain and always will retain that "plank" in our platform which says "Buy Bonds First."

Building Your Future Income

The Business Girl Goes in for Savings and Investment

An Experience Story Based on a Very Practical Thrift Plan

By Marie C. Bechtold

AN investment of my savings of a couple of thousand dollars in a small business in 1919 proved futile, after the great depression of 1919 and 1920. On taking inventory on January 1st, 1921, I found my only resources to be two shares of United States Steel Common Stock and two shares of North American Preferred Stock, and a very small amount in my savings account.

I was then employed in a manufacturing plant at a salary of $120 per month, at which salary I worked until January, 1924, when I had to take a month's rest. I then moved to another city and took a position in a law office. Being proficient in a manufacturing business does not prove your efficiency in law, as the salary was $18 per week. However, after some cogitation, I believed a general change would do me good, and accepted the position. After three months, I received an increase of $2 per week. I managed to meet expenses and keep out of debt, but saved very little, as it was practically impossible.

After eight months, I became ill with pneumonia for seven weeks, part of which time was spent in the hospital. The firm sent my $20 check to me each week during that period, which, of course, I greatly appreciated and needed. After such treatment, I felt it my duty to be loyal to them, although previous to my illness, I had decided to leave when an opportunity presented itself, as it was getting very monotonous just trying to exist. My expenses for my illness were approximately $300, which I immediately paid.

In 1925, after considerable persuasion, I purchased a subdivision lot on monthly payments, but after having expended $600 on same, upon authoritative advice, I discontinued payments, as the initial price was excessive, and the investment in the long run would be unprofitable.

My salary has gradually increased, and I have been earning the sum of $32.50 per week the past year. This salary is fairly good, considering my expenses are not as great here as in a larger place, and I can make this amount yield as much as $40 per week would in Detroit, and I much prefer living here, as the office is within fifteen minutes' walking distance from my residence. As my hours are from 9 to 5, I have considerable time left for myself, which I do not have to spend commuting.

Considering the handicaps or adversities mentioned above, I have, with considerable effort, accumulated a little, which is listed as follows:

7 shares American Telephone & Telegraph Common Stock,
15 shares North American Common Stock,
2 shares North American Preferred Stock,
2 shares Bank of Erie Trust Company Stock, valued at $300 per share,
5 shares of Texas Corpora-

(*Please turn to page 716*)

A Business Girl's Budget that Shows More for Savings Than for Clothes

Room, board, laundry	$11.00
Vacation (This amount is placed in a savings account at 4% until needed)	2.00
Church	1.00
Xmas Club	1.00
Savings and insurance (This amount is placed in a savings account also)	8.00
Clothing	6.75
Incidentals	2.75
Total fixed expense per week	$32.50

Building Your Future Income

Introducing a New Series of Educational Articles for the Security Buyer

How the Investment Banker Protects Your Money

Going Behind the Scenes in a Large Underwriter's Office and Studying the Methods of Investigating New Issues

By Carl Eiermann

FORTHCOMING ARTICLES—

in this series of special informative articles will cover the following subjects: "How Dividends Are Paid," "How To Buy and Sell Securities To the Greatest Advantage" and "Understanding Your Broker and His Statements." For the inexperienced investor making a special effort to understand some of the "mysteries" of finance, these discussions should be of much value.

THE investor of today frequently thinks of investment banking as an institution which serves a sort of economic need. We do not consider that subject much further except to sometimes question, if inclined toward the radical, why the investment banker cannot be eliminated. To the uninitiated he is a sort of middleman who reaps a substantial profit and in the final analysis contributes little.

Considering the subject, therefore, from as broad a viewpoint as possible, consider that the prime activity of the investment banker is the originating of new issues. He must maintain a capable and experienced originating organization or the product of his efforts would not meet with the approval of the discriminating investor. Think of him as the creator of capital because he has developed a distributing and sales organization. Therefore without going further we find him a producer when he originates as well as a salesman when he distributes.

In a sense, he has brought forth a product and wishes to sell it. If he does not he has an inventory situation just as does the manufacturer and he must have at his command, ample capital just as does any business man to be successful. His problems are just as complex if not more so. He offers his experience and reputation to the public in return for its confidence.

What Is Expected of the Banker?

Many of the investment banker's more important and difficult problems are taken for granted because the investor is not familiar with them and therefore they are passed over lightly. It is assumed that he is taking all necessary precautions and while this phase of his activities is of prime importance they are probably the least understood by the many investors to whom he offers the product of his efforts. His organization is expected to produce that which will enable the public to share in the economic benefits of the country's rapid development and expansion. He is expected to sense the present and probable future requirements of the public, to know how railroads are run, utilities operated and industrial properties developed. He is expected to supply the foundation of sound financial development and to appreciate the fact that his greatest ultimate profit is the manner in which he serves those who contribute to the ventures in which he finally becomes interested.

Naturally, the investment banker must continuously exercise a developing, upbuilding and constructive force. His influence is based primarily on his experience and analytical ability. He is in a position to obtain much more complete and detailed data than the usual type of comparative earning statements and balance sheets available to the investor.

As the modern corporation increases in size and territory served, it is frequently found that more capital is required than the owners have at their command. On the other hand, as the earning power of the individual is increased, a natural desire develops to profitably utilize his surplus earnings. To properly serve these two great forces is the function of the investment banker.

Building Your Future Income

Frequently there are conceived types of organizations which, from a financial statement viewpoint, are very attractive to the average investor, but economically have no reason for being. To cite an example, three individuals after six months' effort obtained options on a number of small companies engaged in the same line of business. They assembled the necessary financial statements which, when consolidated, appeared to possess all the elements of a very attractive offering. The individual owners were prepared to accept cash for the appraised value and common stock based on the earning power of their concerns. The banker arranged to go carefully into the condition of the units and reasons for wishing to consolidate. One important advantage, which it was thought would accrue, was a centralized administrative and buying organization. After spending considerable effort and money, it was found that the entire idea was impracticable: first, because of the lack of similarity in the character of the products handled, type of customer served and policies pursued; and second, because some units were exceptionally large, and others comparatively small. The latter would result in any plan of operation becoming complicated, inflexible and cumbersome.

Undoubtedly, in this day of mergers, an offering could have been made and the issue sold to the public but the organization would not have been a success. Therefore the offering was declined. The foregoing is not an exceptional case, but only an example of one of any number of situations, on which every banker is utilizing his organization, effort and experience for the protection of the public and his reputation.

The era of promotional financing and stock dilution of many years ago has no place in investment banking today. It served its purpose in our country's early development, and although frequently carried to extremes, it acted as the agency in launching many of our important industries on the road to great prosperity.

What the Public Wants

By that, it is not meant that business has lost any of its fascination or romance, but it does mean that the banker is no longer dealing in possibilities, but realities, past, present and future. He is dealing with an educated public that is studying investment principles, and if an offering is a speculation, it must be offered as a speculation, such as is necessary in the creation of new industries such as radio, aviation, etc., or it must be offered as an

investment with all that that word implies.

Therefore, aside from being satisfied with the character of the organization, consideration must of necessity be given to the requirements of the investor. Many questions must be answered to assure the success of the undertaking about to be financed and subsequently offered. Aside from those which are reflected in the analysis of the financial statements, the banking organization must satisfy itself on the following questions:

1. Does the public want it?
2. Does it serve a useful purpose?
3. Is it a necessity?
4. How will it be affected in periods of declining business or new inventions?
5. Has it reached its limitations?
6. Will the injections of outside capital have a favorable effect on the incentive of the management?
7. Can the banker be of assistance in making the organization a greater success?

These are the important considerations. Naturally there are many other questions raised, the answers to which have a direct bearing on whether or not the organization is acceptable.

From comments made previously, the reader may assume that financial statements possess little value. They have much value in determining the desirability of an investment, however, if properly prepared. Financial statements reflect that which has gone by. Unfortunately, they are often misinterpreted, if interpreted at all by the average investor, and in the final analysis the integrity and standing of the banker is of more importance than several columns of well arranged figures. Usually, they are utilized by the banker as a basis for making a detailed survey.

There are many types of management, and no one appreciates the importance of management

Building Your Future Income

more than the banker. His experience is carefully scrutinized and he must possess constructive qualities. Qualifications of executives and standards of employment are considered, together with stability of working forces, methods of training and compensation. Much can be frequently accomplished in this direction. Important savings can be made, with subsequent benefits to the stockholders.

Inventions frequently change the course of an entire industry. A forward looking organization is expected to continuously scrutinize its product with a view of further development; not only the application of new ideas, but new application of old ideas. If it appears, after investigation, that an organization has reached a point where it is no longer developing, certainly the banker cannot consider it a satisfactory situation, nor would he be interested. Frequently, however, he is instrumental in remedying this situation, and if he has not been called in too late, he has served another useful purpose.

Responsibility for the obtaining and producing of results necessitates frequently, when the domestic market is limited, to the investigation of foreign markets. The banker has at his command information of this character. We have today great established industries shipping vast amounts of their product and also operating abroad. An example of this is the motor industry. The productive capacity must be maintained and outlets found, or earnings will not continue in a satisfactory trend.

The Broad Field of Investigation

Not only must serious consideration be given to what people need or want, but what can they afford to pay for the service rendered. Affecting satisfactory business increase at a minimum cost to the consumer is desirable, but it is only an interesting theory unless the product is such that it meets with the requirements of the consumer at a price that will conform to the earning power of the greatest number.

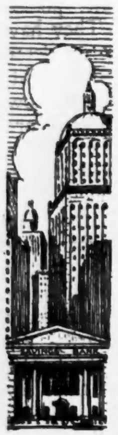
It was not long ago that electrical refrigerators were considered a luxury and the manufacturers could not stimulate sufficient demand to operate at a profit, nor would conditions permit them to consider mass production. The result was that only established organizations in other lines were able to live through the educational period without disastrous results. Today, we have mass production and lower costs, with the result that almost everybody is considering an automatic refrigerator installation.

The banker is interested in the advertising program, because to him it has long since passed out of the old category that it is an expense. It is a necessity, because it increases the desire for a product. It keeps before the minds of the public the product in which he sincerely believes he should be interested. It establishes the name of the product in the mind of the consumer, with a resultant, if not conscious desire, to possess. Consistent advertising indicates continued use, and consistent use reflects public approval.

In making a survey of an or-

(*Please turn to page* 724)

BYFI RECOMMENDS—



For Savings

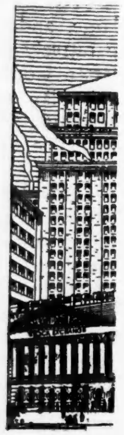
1. SAVINGS BANKS. A convenient depository for the accumulation of regular or intermittent savings at compound interest. Funds are always available and may be withdrawn as soon as they reach suitable proportions for employment in more profitable mediums.

2. BUILDING AND LOAN shares serve as convenient, long range (10 to 12 years) mediums for the accumulation of savings. Through regular monthly payments this form of savings also possesses the element of gentle compulsion.

3. ENDOWMENT INSURANCE is a means of securing insurance protection and at the same time accumulating savings. Also possesses merit of regularity in savings but in view of small return, should not occupy too large a place in the accumulating program.

For Investments

Security	Recent Price	Yield %
1. Illinois Central 40-Year 4¾s, 1966	98	4.8
2. Public Service Elec. & Gas. 1st & Ref. 5s, 1965	102	4.9
3. Standard Oil of N. Y. deb. 4½s, 1951	95	4.8
4. Western Pacific 1st 5s, 1946	98	4.1
5. Youngstown Sheet & Tube 1st SF. "A" 5s, 1978	100	5.0
6. New York Steam 1st "A" 6s, 1947	107	5.6
7. Chesapeake Corp. Conv. Coll. 5s, 1947	98	5.1
8. Associated Dry Goods 1st 6% Pfd.	90	6.7
9. Hudson & Manhattan Conv. 5% Pfd.	75	6.7
10. Southern Pacific Common $6	144	4.2



The BYFI Recommendation Table is intended primarily to serve as a constant guide to inexperienced investors through the early stages of their income building program. On the left, the advantages of each of three principal mediums for accumulating regular savings are outlined. On the right, a progressive tabulation of investment securities suitable for the employment of sums accumulated through savings is presented. These issues, if purchased in the order listed are intended for a permanent investment, and as such, will ultimately provide a sound backing of income producing securities, affording safety of principal, fair return, and offering the protection of diversity.

Building Your Future Income

Insurance That Protects the Wife and Children

—Readers Seek Information About Their Insurance Policies—

By FLORENCE PROVOST CLARENDON

Insurance Editor:

Aside from $2,000 in securities I have approximately $500 for emergency usage and am carrying the following life insurance: One $1,000 20-year endowment policy which will be payable to me in 1931; also a 20-Pay-Life policy for $5,000 both of these with the Northwestern Mutual Life Insurance Company of this city. This five thousand dollar policy is less than a year old. I also have two group policies—one for $1,500 which is being carried by my employer, the other for $5,000 which I am carrying on a group plan at a very low rate.

I am 43 years old; married; have three children, 4, 10 and 12 years old; am working on a salary of $400 a month. Would appreciate your suggestions as to best procedure toward developing funds for educating my children and putting something aside for the unproductive years to come.

M. I. M.

A middle-aged man with a wife and young family to protect should take life insurance not only till it pinches, but till it "hurts." A good way to view this coverage is in the light of *income* it will provide in event of the unexpected taking away of the breadwinner.

Last sickness expenses of the insured, nurses, doctors, and other bills, with usual family adjustment to new conditions, would probably absorb about $2,000 of your present life insurance protection of $11,500. If you leave your present employment, $1,500 of your coverage would be dropped, leaving you with $10,000—$5,000 of which is apparently on the Term plan (group).

Your immediate need is additional coverage for family protection—$10,000, Ordinary Life plan would cost at your age approximately $263 in annual premiums. This is a non-participating rate; if taken with a participating company, the annual dividends could be applied towards making the policy paid up and free from premium cost in old age.

About three-quarters of the coverage you would then carry—something over $15,000—could be made payable to the beneficiary in the form of income—either for a term of years, or for life. Probably the better plan would be to provide that the income run over a period of ten years. This would give a definite monthly income during (presumably) the years when the children were receiving their education; and would allow ample time to plan for the future thereafter. If $12,000 of the life insurance proceeds were made payable as a monthly income over a period of 10 years, the beneficiary would receive about $118 monthly.

Change of Name

Insurance Editor:

I wish you would advise me if it would make any difference on an insurance contract about four years old, if the first name was somewhat differently spelled—for instance the name of Alberta and the party spelled it Albert—and has signed the name of Albert on all his transactions in the past ten years.

D. J. S.

With other data in the application and policy being correct, and all answers by the applicant for the insurance being given in good faith when the insurance was applied for, we would not suppose that the slight difference of spelling in the name (Alberta) to which you refer in your letter would be of serious moment. However, the name Alberta would appear to us as that of a woman—that of Albert usually applying to a man; and we would advise that this matter of the correct name and its spelling should be taken up with the insurance company *now*, in order to mitigate against any question arising later when claim is made.

How Much Insurance?

Insurance Editor:

As a subscriber to THE MAGAZINE OF WALL STREET *I would like your advice on the amount and kind of insurance I should carry.*

I have just passed my 31st birthday, am married but have no children, and my income is $2800 per year.

I have now only $1500 insurance which is a 20-payment life policy with the Metropolitan Insurance Co., which contains a total and permanent disability clause.

This policy has been in force about 11 years with the dividends left with the company to accumulate.

I now want to take out more insurance and would like to know what type of policy you think I should have and what amount of insurance I should carry.

I would also like to know if there is a clause in life insurance policies now in regard to aircraft accidents.

My present policy has a clause in it which declares the policy void if death is caused by aircraft within two years after issuance of the policy.

I have only ridden in an airplane once but the nature of my work is such that I could easily enter the aviation industry and as it is a business just in its infancy and growing fast what effect would it have on my insurance if I should change occupations and join the aviation industry?

(Please turn to page 724)

·SERVICE·SECTION·

ANSWERS TO INQUIRIES

SUBSCRIBERS—ATTENTION

The Personal Service Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. If you are a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. The inquiries presented in each issue are only a few of the thousands currently received and replied to. The use of this personal inquiry service in conjunction with your subscription to the Magazine should help you to get hundreds or thousands of dollars of value from your $7.50 subscription.

Inquiries cannot be received or answered by telephone nor can personal interviews be granted. Inquiries from non-subscribers of course will not be answered.

Are You Sure of Your Broker?

We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers deal through reliable firms.

Subscribers wishing to avail themselves of the privileges of the Personal Service Department should be guided by the following:

1. ***Be Brief.***
2. ***Confine requests for an opinion to THREE SECURITIES ONLY.***
3. ***Special rates upon request to those requiring additional service.***
4. ***Write name and address plainly.***

GENERAL BAKING CORP.

I am contemplating the purchase of 20 shares of General Baking preferred for investment and 50 shares of the common as a speculation. Would you approve? Are these stocks likely to have a rise similar to the one which the Continental Baking stocks have had this year?—F. L. M., Niagara Falls, N. Y.

Frankly, it is difficult to become enthusiastic with regard to the possibilities for General Baking Corp. common and preferred shares, on the basis of the company's rather disappointing record. A number of adverse factors have combined to retard earnings, particularly from the standpoint of common shareholders. Faced with the necessity of paying nearly $6,000,000 annually in preferred dividends before anything is available for the common stock, it is not surprising that earnings available for the junior shares have left much to be desired, in the face of the keen competition which has characterized the baking industry. Moreover, competition has been intensified by the policy of several large chain store organizations baking their own bread, which is sold to customers at cost or less, for the purpose of attracting trade. In order to cope with the situation, the General Baking Corp. has spent nearly $10,000,000 during the past three years for the purpose of improving plant efficiency and advertising its products. Present plans call for the additional expenditure of $8,000,000 for enlarging capacity and further modernizing existing plants. Some encouragement is found in the company's report for the first 27 weeks of the current year, for which period sales were about 10% larger than in the corresponding weeks of 1928. Net income was equivalent to $4,115,830, contrasting with $3,418,375 for the same period last year. Earnings in 1928 amounted to only 46 cents per share on the common stock, contrasting with 59 cents in 1927 and 18 cents in 1926. On the whole, therefore, unless you are prepared to assume something more than an average degree of risk, we would be inclined to defer commitments for the time being, preferring to await further evidence of progress.

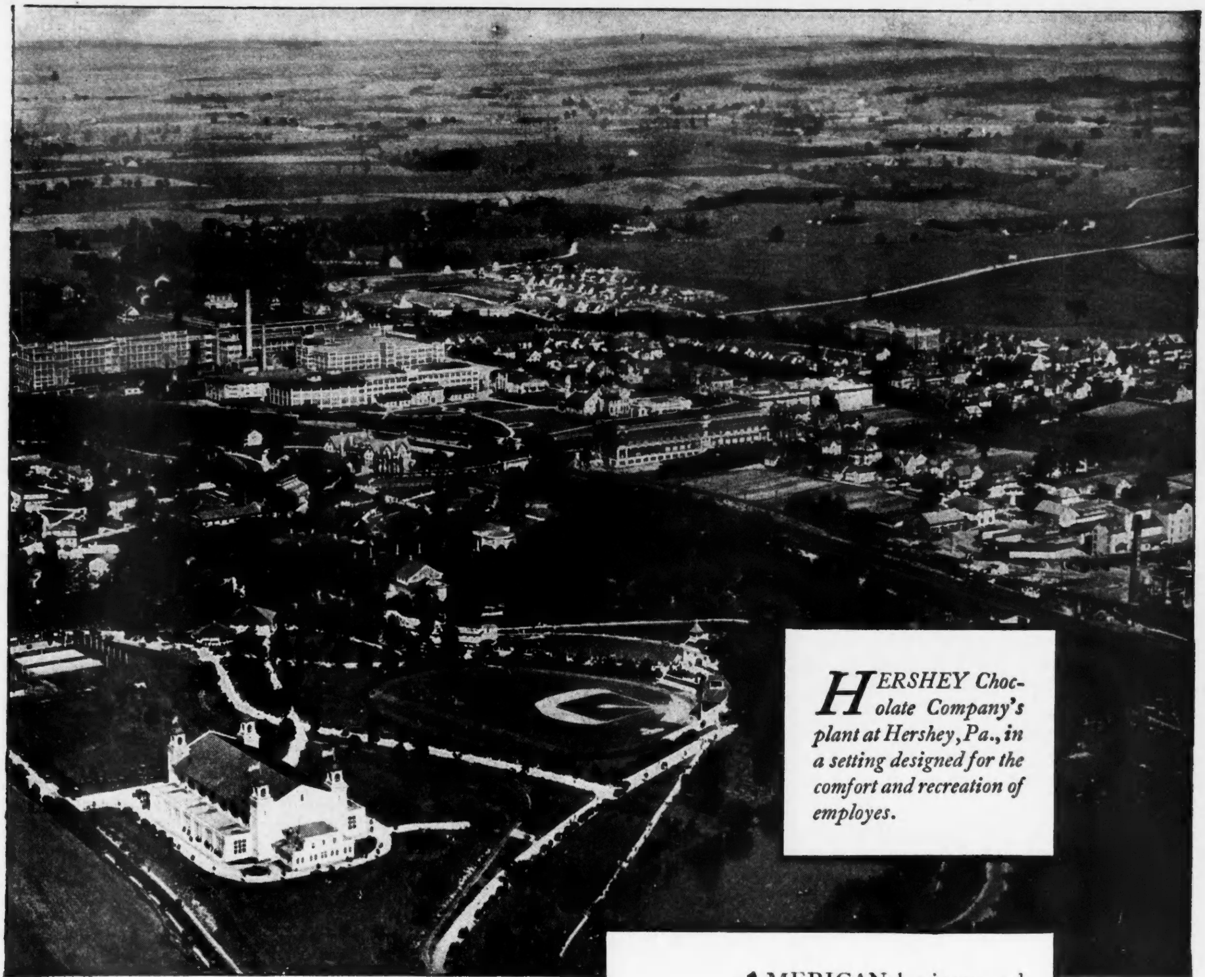
AMERICAN AUSTIN CAR CO.

I have read in the newspapers that the English Austin car is shortly to be made and sold in this country. If claims made for its future popularity based on its light weight and economy of operation are true, I would be inclined to buy some of the stock in the American company. Please advise me as to your opinion of its merit. T. C. T., Brooklyn, N. Y.

Announcement has been recently made of the incorporation of the American Austin Car Co. This company will undertake the manufacture and sale of a product known as the "Austin Seven," reported to be the largest selling automobile on the British Isles. This car is pictured as a four cylinder model, weighing less than 960 pounds and having a 75-inch wheel base. Power is supplied by a 7-horsepower motor which, according to the claims of the company, will operate 1,500 miles on one pint of oil and uses only one gallon of gasoline per 42 miles of travel. Further, the manufacturers hope to sell this car at a price lower than any other automobile made in the United States. This is of course open to question. Nevertheless, a plant has been purchased in Butler, Pa., and it is expected that production will be started early in 1930. One needs only to superficially survey the automobile industry in this country to realize that competition is exceedingly keen and reaches its greatest intensity among manufacturers of low priced cars. Obviously, therefore, any attempt to enter the latter field with a new and untried

(Please turn to page 705)

When Quick Service Is Required Send Us a Prepaid Telegram and Instruct Us to Reply Collect



HERSHEY Chocolate Company's plant at Hershey, Pa., in a setting designed for the comfort and recreation of employes.

Summer Pace Continues Active

Sustained Markets in Most Lines Dispel Fear of Let Down and Turn Attention to Fall Preparations

STEEL

Steel Production Up

APPARENTLY overcoming to some extent the retarding effects of hot weather, the steel industry has risen to new seasonal heights and is reported to have increased production rate to about 95% of capacity. Thus far nothing which might be called a Summer recession has been observed. During the past four years a seasonal decline in output of from 15% to 26% has occurred. This year, however, it is estimated that July production will show no more than a 5% decrease from the May peak, and this slight decline is due more to extraneous causes and to exhaustion of production units than to any desired curtailment on the part of producers.

Although actual buying has slack-

(Please turn to page 720)

COMMODITIES*

(See footnote for Grades and Units of Measure)

	1929 High	1929 Low	1929 Last
Steel (1)	$36.00	$33.00	$35.00
Pig Iron (2)	18.50	17.50	18.50
Copper (3)	0.23⅛	0.16¾	0.17⅞
Petroleum (4)	1.45	1.20	1.45
Coal (5)	1.70	1.60	1.60
Cotton (6)	0.21⅛	0.18	0.18
Wheat (7)	1.65⅜	1.24⅛	1.57⅜
Corn (8)	1.21¼	0.98¼	1.21¼
Hogs (9)	0.11¾	0.08⅞	0.11¾
Steers (10)	17.00	14.25	16.75
Coffee (11)	0.18½	0.16	0.16
Rubber (12)	0 26⅛	0.18⅝	0.21⅞
Wool (13)	0.45	0.38	0.38
Tobacco (14)	0.14	0.14	0.14
Sugar (15)	0.03⅞	0.03½	0.03⅞
Sugar (16)	0.05½	0.04⅞	0.05½
Paper (17)	0.03¼	0.03⅛	0.03⅛
Lumber (18)	25.38	24.30	25.18

*July 27, 1929.

(1) Open hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Mid-Continent, 36°, $ per bbl.; (5) Pittsburgh, steam mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, New York, $ per bushel; (8) No. 2 Yellow, New York, $ per bushel; (9) Light, Chicago, c. per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium, Burley, Kentucky, c. per lb.; (15) Raw Cubas, 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.; (18) Yellow pine boards, f. o. b. $ per M.

THE TREND OF MAJOR INDUSTRIES

STEEL—Some stepping up in production rate is reported and totals for July are expected to be only slightly under the May peak. Buying is fair and prospective demand is good. Although deliveries are becoming easier and there is still some weakness in quotations for a few finished products, prices on the whole are firm.

METALS—Moderate increase in copper demand is noticed in both foreign and domestic markets. A 6% or 7% gain in production is predicted for 1929 and any price movement is likely to be upward. There has been a slight gain in domestic lead demand but zinc remains quiet.

PETROLEUM—With no material curtailment in the present heavy production likely before Fall and with tremendous stocks piling up, the oil situation continues unsettled. Crude prices have dropped slightly and gasoline quotations show indications of weakening. Only record consumption thus far this year has kept the industry from suffering more acutely from over production.

ELECTRICAL EQUIPMENT—Sustained demand for electrical equipment of all kinds is keeping manufacturers operating at close to capacity rates with little prospect of recession for some time to come. The larger interests report increased earnings for the first half year and the present outlook seems favorable for further gains.

FARM EQUIPMENT—The present inactivity of farm equipment manufacturers is a customary seasonal recess during which plant facilities are adapted for the production of fall implements. The improved agricultural situation should enable manufacturers to resume the high production rates that carried them through a record first half.

CEMENT—Severe competition, over production and duty free imports are cutting heavily into producers' profits. Even recent increases in sales volume have not apparently helped the trade to any great extent and it is doubtful if the proposed tariff aid is sufficient to offset the self-erected handicaps of the industry.

LUMBER—Lumber production, although still restricted by the mid-year shut down of some soft and hard wood mills, slightly exceeds orders and shipments. Stocks, however, are not excessive and, with output curtailed, the industry seems to be improving its position.

OFFICE EQUIPMENT—High rate of business activity and heavy demand for equipment caused by mergers in industrial and financial fields are resulting in a highly profitable period for manufacturers of office equipment.

MEAT PACKING—Although by-products business has been generally profitable, the unfavorable beef situation due to high prices for cattle and the uncertain pork packing position caused by fluctuating hog markets, make the meat packing outlook for the current year questionable.

SUMMARY—On the whole, indications point to an unusually moderate Summer recession, operations being maintained at high levels generally, and confidence in sustained prospects for Fall seems to be the dominant note at present.

New York Stock Exchange

RAILS

	1927		1928		1929		Last Sale 7/31/29	Div'd $ Per Share
	High	Low	High	Low	High	Low		
A								
Atchison	200	161¾	204	182⅝	260½	195⅛	252½	10
Do Pfd.	106¾	99⅜	108⅛	102½	103⅞	99	101	5
Atlantic Coast Line	205½	174⅞	191½	157⅛	209½	169	196½	10
B								
Baltimore & Ohio	125	106½	125⅝	103¾	138⅝	115⅛	134¼	6
Do Pfd.	83	73¼	85	77	80½	75	76	4
Brooklyn-Manhattan Transit	70⅞	53	77¾	53⅜	81⅞	59⅛	61⅛	4
Do Pfd.	88	78⅛	95⅜	82	92⅝	81½	81½	6
C								
Canadian Pacific	219	165	253	195½	265⅞	218	229¾	10
Chesapeake & Ohio	218½	151¾	218¾	175½	275½	195	257	10
C. M. & St. Paul & Pacific	19¾	9	40½	22¼	43	27¾	39⅛	..
Do Pfd.	37½	..	59⅝	37	63¾	46⅛	59⅞	..
Chicago & Northwestern	97½	78⅜	94¼	78	97¼	80¼	91⅝	4
Chicago, Rock Is. & Pacific	116	68½	139⅝	106	142⅞	115	136	7
Do 7% Pfd.	111¾	102¾	111½	105	108¼	105¼	105⅞	7
Do 6% Pfd.	104	95¼	105	99½	102⅞	92½	99¾	6
D								
Delaware & Hudson	230	171⅛	226	163¼	226	182	215	9
Delaware, Lack. & Western	173	130⅛	150	125¼	160½	120¼	147½	6
E								
Erie R. R.	69¾	39⅛	72½	48¾	86¾	64	83⅞	..
Do 1st Pfd.	66¼	52⅜	63⅞	50	66¼	57	62½	4
Do 2nd Pfd.	64½	49	62	49¼	63⅞	56	61	4
G								
Great Northern Pfd.	103⅞	79⅝	114¾	93½	128½	101	118½	5
H								
Hudson & Manhattan	65⅞	40½	73½	50⅛	58⅜	34½	48⅝	2½
I								
Illinois Central	139⅝	121⅛	148¾	131¾	153½	132½	146	7
Interborough Rap. Transit	52⅛	30½	62	29	58⅜	19⅝	23	..
K								
Kansas City Southern	70¼	41¼	95	43	108⅜	78	103	5
Do Pfd.	73½	64⅞	77	66½	70½	63⅛	65	4
L								
Lehigh Valley	137½	88½	116	84⅛	102¼	77¾	93	3½
Louisville & Nashville	159⅛	128⅜	159½	139⅜	158½	138½	146½	7
M								
Mo., Kansas & Texas	56½	31½	58	30½	65¾	42½	58½	..
Do Pfd.	109½	95¾	109	101½	101½	102	105⅜	7
Missouri Pacific	62	37⅞	76¼	41⅞	101⅜	62⅛	92¼	..
Do Pfd.	118⅝	90⅛	126⅞	105	147	120	140	5
N								
New York Central	171½	137⅛	196½	156	245	178½	235¼	8
N. Y., Chic. & St. Louis	240½	110	146	121¼	163	128½	157⅛	6
N. Y., N. H. & Hartford	63¼	41⅝	82¾	54⅜	115⅜	80⅞	113⅝	4
N. Y., Ontario & Western	41¾	23¼	39	24	32	23½	26½	..
Norfolk & Western	202	156	198½	175	263	191	251⅞	8
Northern Pacific	102⅛	78	118	92⅜	118⅞	95½	110¼	5
P								
Pennsylvania	68	56¾	76⅞	61⅞	99	72⅛	95¼	4
Pere Marquette	140½	114½	154	124⅞	203¾	148	199	6
Pittsburgh & W. Va.	174	122½	163	121¼	148¾	125⅝	144	6
R								
Reading	123¾	94	119⅜	94¼	126⅞	101½	119½	4
Do 1st Pfd.	43½	40½	46	41½	46	41½	46	2
Do 2nd Pfd.	50	43¾	59⅞	44	50	43⅝	47	2
S								
St. Louis-San Fran.	117¼	100¾	122	109	133	109½	128¾	8
St. Louis-Southwestern	93	61	124⅛	67½	115¾	82	102½	..
Seaboard Air Line	41¼	28⅛	30½	11⅝	21¾	12	13½	..
Do Pfd.	45⅜	32⅛	38	17	24½	16¼	18	..
Southern Pacific	126⅞	106¼	131¼	117⅝	150	124	143½	6
Southern Railway	149	119	165	139½	160½	138	154½	8
Do Pfd.	101⅛	94	102¼	96⅝	99	93	95⅛	5
T								
Texas & Pacific	103⅞	53⅞	194⅝	99½	181	155	170	5
U								
Union Pacific	197¾	159⅛	224⅞	186⅛	276½	209	265¼	10
Do Pfd.	85¾	77	87¼	82⅛	84⅜	81	81⅛	4
W								
Wabash	81	40⅛	96¼	51	81⅜	60	71⅞	..
Do Pfd. A	101	76	102	88½	104⅞	90¼	73½	5
Do Pfd. B	98	65	99½	87	91	79	86	..
Western Maryland	67⅞	13¾	54¾	31¾	54	32½	45½	..
Do 2nd Pfd.	67½	23	54⅞	33½	53½	38½	50¾	..
Western Pacific	47½	25⅛	38⅛	28¼	41⅞	32	37	..
Do Pfd.	76⅜	55	62⅛	52½	67¾	56	64½	..

INDUSTRIALS and MISCELLANEOUS

A								
Abitibi Power & Paper	150¼	83	85	36¼	54⅞	38⅛	50¼	..
Abraham & Straus	118¾	62¼	142	90	112	106	108	7
Advance Rumely	15¾	7⅝	65	11	104⅞	27	36½	..
Air Reduction, Inc.	199⅛	134½	99⅝	59	181¾	95⅛	174⅞	3
Ajax Rubber, Inc.	13¾	7⅛	14⅜	7½	11¼	4½	4⅞	..
Allied Chemical & Dye	169¼	131	252¾	146	346¾	241	311½	6
Allis Chalmers Mfg	118¾	88	200	115⅛	284½	166	279	7
Amer. Agricultural Chem.	21½	8⅛	26	15⅝	23⅝	10⅛	12⅞	..
Amer. Bank Note	98	41	159	74¾	148⅞	110	140¼	2
Amer. Bosch Magneto	26¾	13	44⅜	15⅜	73¼	70½	62¼	..
Amer. Brake Shoe & Fdy	46	35⅛	49⅛	39⅞	62	45	57¼	2.40
American Can	77⅝	43⅝	117⅛	70½	169	107¾	162¼	3
Amer. Car & Fdy	111	95	111½	88¼	106½	92	100¼	6
Amer. & Foreign Power	31	18⅞	85	22⅝	139⅝	75¼	138½	..
American Ice	32	25¾	46⅜	28	48½	38	46½	2
Amer. International Corp.	72⅜	37	150	71	79⅝	52½	74¾	2
Amer. Metal Co., Ltd	49⅜	36⅛	63¾	39	81¾	50	62	3
Amer. Power & Lt.	73⅜	54	95	62¼	158⅜	81⅛	152	1
Amer. Radiator	147⅞	110½	191½	130⅛	54⅛	40⅛	49	1½
Amer. Safety Razor	64⅞	42	74⅞	56	74¾	61	65½	4

Price Range of Active Stocks

INDUSTRIALS and MISCELLANEOUS—*(continued)*

	1927		1928		1929		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	7/31/29	Share
A								
Amer. Smelting & Refining	188¾	132⅝	293	169	124¾	93½	110¾	4
Amer. Steel Foundries	72¾	41½	70⅜	50⅛	79⅞	56	64½	3
Amer. Sugar Refining	95¾	65¼	93½	55	91¾	71½	83¾	5
Amer. Tel. & Tel	185½	149¼	211	172	273	193¼	267½	9
Amer. Tobacco Com	189	120	184⅜	152	186½	160	178	8
Amer. Type Founders	146	119⅞	142¼	109⅞	160	136½	157	8
Amer. Water Works & Elec	72⅛	46	76½	52	148½	67¼	135	1
American Woolen	33⅜	16½	32⅜	14	27⅞	16⅛	18⅛	..
Amer. Zinc, Lead & Smelt	10¼	5¾	57	6⅝	49¼	22⅛	24½	..
Anaconda Copper Mining	60½	41¼	120¼	54	140	99	115	7
Armour of Ill. Cl. A	15⅞	8¼	23½	11¼	18⅜	10½	11	..
Do Cl. B	9⅛	5	13½	6⅝	10¼	5⅝	5⅞	..
Arnold Constable Corp	55½	21	51¾	35¼	40⅞	19	21	..
Assoc. Dry Goods	53⅝	39½	75½	40¼	70¾	43	50	2½
Atlantic, Gulf & W. I. S.S. Line	43½	30⅜	59⅞	37⅛	67¾	32⅛	61⅜	..
Atlantic Refining	131⅜	104	66½	50	77⅞	53½	68	1
Austin, Nichols & Co	10¼	4¼	9¼	4⅜	10	5½	5½	..
B								
Baldwin Loco. Works	265¾	143⅛	285	235	271½	210	250½	7
Barnsdall Corp. Cl. A	35½	20¾	53	20	49⅛	36½	37¼	2
Beech Nut Packing	74¼	50¼	101¼	70⅜	101	73	86¾	3
Bethlehem Steel Corp	66½	43¾	86⅜	51⅞	124½	82⅛	123⅝	6
Borden Company	169	167½	187	152	100½	83⅛	93	3
Briggs Mfg.	36⅜	19½	63⅝	21⅛	63⅛	30¼	32⅝	..
Bucyrus-Erie Co.	31	21½	48¾	24½	42¾	25⅛	31	1
Burns Bros. new Cl. A Com	125¾	85½	127	93½	127	96¼	97½	8
Do new Cl. B Com	34¾	16¼	43⅜	15⅞	39	22⅝	32	..
Byers & Co. (A. M.)	102¾	42	206¾	90½	192⅞	122¾	136	..
C								
California Packing	79	60¼	82⅝	68½	82⅞	72⅛	78⅜	4
Calumet & Arizona Mining	123½	61⅛	133	89	135	123	130⅛	10
Calumet & Hecla	24¾	14¼	47⅜	20⅛	61⅞	36⅝	41⅝	4
Canada Dry Ginger Ale	60⅛	36	86½	54⅞	98¾	78	89¾	5
Cerro de Pasco Copper	72½	58	119	58½	120	88⅝	95	6
Chile Copper	44⅜	33⅛	74⅞	37⅜	127½	71⅜	101	3½
Chrysler Corp.	63½	38⅛	140½	54¾	135	66	72⅝	3
Coca Cola Co.	199½	96½	180½	127	149⅜	120⅝	149	4
Collins & Aikman	113⅜	86	111¾	44⅛	72¼	46	50	..
Colorado Fuel & Iron	96⅜	42⅝	84½	52½	78½	56	68½	..
Columbian Carbon, V. T. C.	101¼	66⅞	134¾	79	207	121¼	189	4¾
Colum. Gas & Elec.	98¾	82⅞	140⅞	89½	94⅜	53½	91½	2
Commonwealth Power	78¾	48⅝	110½	62¼	246	107¼	228	4
Congoleum-Nairn, Inc.	29¾	17¼	31½	22	35¾	19½	24	..
Congress Cigar	88½	47	87¼	67	92⅜	67	70½	5¼
Consolidated Gas of N. Y.	125¾	94	170¼	74	152	95½	146	3
Continental Baking Cl. A	74⅞	33½	53½	26½	90	47⅛	79¾	..
Do Cl. B	10¼	4	9⅜	3¾	15½	8⅛	12⅝	..
Continental Can, Inc	86⅞	58¾	128⅞	53	82¾	60	80	2½
Continental Motors	13¾	8⅞	20½	10	28¾	13½	13⅞	0.80
Corn Products Refining	68	46⅞	94	64⅜	107⅛	82	98½	3
Crucible Steel of Amer.	96¾	76½	93	69¼	106⅝	85	103⅞	5
Cuba Cane Sugar	10¾	4⅞	7½	4⅜	5½	1⅞	2¼	..
Cuban-Amer. Sugar	26½	18⅞	24¼	15⅜	17	11	14¼	..
Cudahy Packing	58¾	43½	78¼	54	67⅞	49⅛	51	4
Curtiss Aero. & Motor Co.	59¾	45⅛	192¾	53⅛	173½	135⅛	159	1
Cuyamel Fruit	55½	30	63	49	97¾	63	96¼	..
D								
Davison Chemical	48½	26¼	68¾	34⅜	69⅛	42⅞	51¾	..
Drug, Inc.	..	..	120⅛	80	126⅛	105	111	4
E								
Eastman Kodak Co.	175¼	126¼	194¼	163	207⅞	168	193⅞	5
Eaton Axle & Spring	29¾	21¼	68⅛	26	76¾	56	61¾	3
E. I. du Pont de Nemours	343⅞	168	503	310	202	155¾	188½	4
Elec. Power & Light	32⅜	16½	49⅜	28¾	84¼	43⅛	79¾	1
Elec. Storage Battery	79½	63¼	91⅛	69	92⅞	77	85½	5
Endicott-Johnson Corp.	81¼	64¾	85	74¾	83⅜	66½	68⅛	5
Engineers Pub. Service	39⅝	21¾	51	33	71½	47	68⅞	1
F								
Federal Light & Traction	47	37½	71	42	109	68⅛	94	1½
Fisk Rubber	20	14¾	17¾	8⅞	20⅛	7½	8	..
Fleischmann Co.	71⅛	46⅛	89⅜	65	98⅛	65⅛	94	3
Fox Film Cl. A	85½	50	119⅝	72	101	80¾	88½	4
Freeport Texas Co.	106½	34¼	109¼	43	54⅞	37¾	42	4
G								
General Amer. Tank Car	64⅜	46	101	60⅞	102	81	95⅞	4
General Asphalt	96¾	65	94⅞	68	91½	61	89⅜	..
General Electric	146⅝	81	221½	124	377¾	219	377½	4
General Motors Corp	141	113¼	224¾	130	91¾	66¼	71	4
General Railway Signal	153¼	82⅛	123⅝	84¼	122⅜	93½	116	5
Gold Dust Corp., V. T. C	78¾	42	143¼	71	82	53⅛	64¾	2½
Goodrich Co. (B. F.)	96½	42¾	109¼	68½	105¾	73	77	4
Goodyear Tire & Rubber	69⅜	48⅜	140	45⅛	154½	112	121	5
Graham-Paige Motors	..	..	61¼	16¾	54	25	27	..
Granby Consol., Min., Smelt. & Pr.	45	31⅛	93	39⅛	102⅞	62⅛	78½	7
Great Western Sugar	44⅝	35⅛	38½	31	44	32¾	37¼	2.80
Greene Cananea Copper	151½	29¼	177¼	89⅜	197⅝	136⅛	171⅝	8
Gulf States Steel	64	40	73⅞	51	79	55¼	71½	4
H								
Hershey Chocolate	40¼	37⅞	72⅛	30¾	108	64	105½	..
Houston Oil of Texas Tem. Ctfs.	175	60⅛	167	79	109	70½	72¾	..
Hudson Motor Car	91½	48¼	99⅞	75	93½	75⅛	85½	5
Hupp Motor Car	36¼	16	84	29	82	38⅛	41⅜	2
I								
Inland Steel	62⅜	41	80	46	98⅞	78½	97⅜	3½
Inspiration Consol. Copper	25½	12½	48⅞	18	66¾	38¼	44½	4
Inter. Business Machines	119¾	53⅛	166⅜	114	246½	149⅜	233	5
Inter. Cement	65⅜	45¼	94⅞	56	102¾	77½	78	4
Inter. Comb. Eng. Corp	64	40⅛	80	45¼	103½	54½	74	2
Inter. Harvester	255⅝	135⅜	97⅞	80	127	92	121½	2½
Inter. Mercantile Marine	8¾	3½	7⅜	3¾	29½	27	27¾	..
Inter. Nickel	89½	38¼	269½	73⅝	72¾	40½	47¾	.80
Inter. Paper	81½	39⅛	86⅜	50	35⅜	25	32½	2.40
Inter. Tel. & Tel	158⅞	122¼	201	139⅛	113⅝	78	109½	2
J								
Johns-Manville	126	55⅛	202	96¼	242¾	152½	184	3

New York Stock Exchange Price Range of Active Stocks

INDUSTRIALS and MISCELLANEOUS—*(continued)*

	1927		1928		1929		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	7/31/29	Share
K								
Kelly-Springfield Tire	32¼	9⅛	25⅛	19¼	24	11	13¼	..
Kennecott Copper	90⅝	60	156	80⅛	104⅞	77	85⅞	5
Kresge Co. (S. S.)	77¼	45⅞	91⅜	65	57½	42¾	47½	1.60
Kroger Grocery & Baking	145	119	132¼	73¼	122½	75⅛	87	1
L								
Lehn & Fink	43	32⅝	64⅞	38	68⅛	48¾	48⅜	3
Liggett & Myers Tob	128	87½	122½	83¾	105⅛	81⅛	88⅛	4
Lima Loco. Works	76⅝	49	65⅞	38	57¾	42¾	54½	..
Loew's, Inc.	66⅞	48⅞	77	49⅛	84½	48½	58⅜	2
Loose-Wiles Biscuit	57¼	35½	88¾	44¼	74⅝	56	65	2.60
Lorillard	47⅜	28½	46⅞	23¾	31⅛	20	23¾	..
M								
Mack Truck, Inc.	118¾	88¼	110	83	114¾	91	96	6
Magma Copper	58¾	29½	75	43¾	82½	60	67	5
May Dept. Stores	90⅝	66¾	113½	75	108⅛	73½	92¼	4
McKeesport Tin Plate	..	..	78⅜	62½	82	62½	70¼	4
Mexican Seaboard Oil	9¼	3	73	4⅝	69⅜	36¼	40	..
Miami Copper	20¾	13⅛	33	17¾	54½	30⅛	44	4
Mont. Ward & Co.	121½	60⅝	156½	115¼	156⅞	98	113¼	2½
Murray Body	48	16¼	124¼	21½	100⅞	62	89	3
N								
Nash Motor Car	101⅞	60¼	112	80¼	118⅞	81⅛	84⅝	6
National Biscuit	187	94¾	195¼	159½	216¾	166½	198	6
National Cash Reg.	51⅝	39⅞	104¾	47¼	148¾	96	126⅜	3
National Dairy Prod.	68⅞	59⅛	133½	64½	85	62⅛	78⅛	1½
National Enameling & Stamp	35⅜	19⅛	57⅜	23¼	62¼	43	48⅝	2
National Lead	202¾	*95	136	115	173	132	144	5
National Power & Light	26¾	19¼	46⅝	21⅞	67¼	42¼	66	1
Nevada Consol. Copper	20⅝	12¾	42⅜	17¾	62⅞	39¾	44⅝	3
N. Y. Air Brake	50	39¼	50⅛	39⅞	49¾	41½	44½	3
North American Co.	64½	45⅝	97	58⅝	182⅝	90⅝	176⅝	10
O								
Otis Steel	12½	7⅛	40½	10½	51⅜	37	49	..
P								
Packard Motor Car	62	33¾	163	56¼	153¾	116½	130⅛	3
Pan-American Pet. & Trans.	65⅞	40⅛	55½	38¼	68	40¼	60¾	..
Paramount Famous Lasky	115⅝	92	56⅜	47¼	72	55⅛	68	3
Phila. & Reading C. & I.	57⅝	37⅜	39¾	27⅝	34	17⅜	28	..
Phillips Petroleum	60¼	36¼	53⅞	35¼	47	35½	36⅜	1½
Pierce-Arrow Cl. A	23⅝	9⅛	30⅞	18⅛	37⅞	27½	34⅛	..
Pillsbury Flour Mills	37½	30⅞	58⅞	32¾	63⅞	39⅛	47½	2
Pittsburgh Coal of Penna.	74½	32¾	78⅞	36⅛	83¾	54⅛	66	..
Pressed Steel Car	78¼	36⅛	33⅛	18	23⅜	15	18	..
Public Service of N. J.	46⅞	32	83½	41½	124⅝	75	117½	2.60
Pullman, Inc.	84¾	73¾	94	77⅞	91⅞	78	86⅝	4
Pure Oil	33½	25	31¼	19	30¾	23¼	25⅝	1½
R								
Radio Corp. of America	101	41⅛	420	85¼	114	68¼	84¾	..
Remington-Rand	47¼	20½	36½	23⅛	50⅛	28	49¼	..
Reo Motor Car	26⅞	25½	35¼	22½	31⅞	20¼	21½	0.80
Republic Iron & Steel	75⅞	53	94½	49⅛	115	79¼	112	4
Reynolds (R. J.) Tab. Cl. B.	162	98⅛	165½	126	66	53	54½	2.40
Richfield Oil of Calif.	28⅝	25⅜	56	23½	49⅝	39⅝	39⅞	2
S								
Savage Arms Corp.	72½	43½	51	36¼	51⅞	38¼	40¾	2
Schulte Retail Stores	57	47	67½	35¾	41½	16⅜	20⅜	..
Sears, Roebuck & Co.	91½	51	197½	82½	181	139¾	163¼	2½
Shell Union Oil	31⅜	24⅝	39⅝	23¼	31¾	25¾	26½	1.40
Simmons Co.	64¾	33⅛	101⅜	55¾	122¾	75	116⅞	3
Sinclair Consol. Oil Corp.	22⅝	15	46¾	17⅞	45	33	34¼	2
Skelly Oil Corp.	37¾	24⅛	48⅝	25	46½	32⅞	41½	2
Spicer Mfg. Co.	28⅞	20½	51⅝	28½	66¾	45	57⅛	..
Standard Gas & Elec. Co.	66¾	54	84⅝	57⅞	140⅞	80⅝	134	3½
Standard Oil of Calif.	60¾	50⅝	80	53	81⅞	64	70⅞	2½
Standard Oil of N. J.	41⅜	35⅛	59¾	37¾	62⅜	48	57⅞	1
Standard Oil of N. Y.	34⅛	29¾	45½	28¾	45¾	38	39¼	1.60
Stewart-Warner Speedometer	87½	54¼	128⅛	77¼	77	65	71¾	3½
Studebaker Corp.	68½	49	87½	57	98	73⅛	76½	5
T								
Texas Corp.	58	45	74¾	50	68½	57⅛	62⅜	3
Texas Gulf Sulphur	81⅜	49	82½	62⅛	85¼	69⅝	71¾	4
Texas Pacific Coal & Oil	18⅞	12	26⅝	12⅛	23⅞	15⅛	16⅛	5
Tide Water Assoc. Oil	19⅛	15⅜	25	14¾	23½	17½	19⅝	..
Timken Roller Bearing	142¼	78	154	112⅝	110¾	73½	99⅝	3
Tobacco Prod. Corp.	117⅝	92¾	118⅛	93	23⅛	13¼	13½	1.40
Transcontinental Oil temp. ctf.	10⅜	3⅜	14½	6⅝	14¼	9	11¼	..
U								
Underwood-Elliott-Fisher	70	45	93⅞	63	165¼	91	157¼	4
Union Carbide & Carbon	154½	99⅛	209	136⅛	128	75¼	122¾	2.60
Union Oil of California	56½	39⅝	58	42¾	54½	46	48	2
United Cigar Stores	38⅛	32⅜	34⅝	22⅞	27½	13⅝	14	1
United Fruit	150	113½	148	131½	158½	109⅝	118½	4
U. S. Cast Iron Pipe & Fdy.	246	190½	53	38	55⅞	27	29¼	2
U. S. Industrial Alcohol	111⅝	69	138	102⅝	193¼	128	180½	6
U. S. Rubber	67⅛	37¼	63¼	27	65	42	48¾	..
U. S. Smelting, Ref. & Mining	46⅞	33⅝	71⅛	39⅛	42⅞	48	53⅛	3½
U. S. Steel Corp.	160½	111⅜	172½	132⅝	210¾	157⅛	209⅝	7
V								
Vanadium Corp.	67⅝	37	111½	60	116½	68	89	3
W								
Warner Bros. Pictures	49⅛	18⅛	139¼	80⅞	63	54¾	57⅛	3
Western Union Tel.	176	144½	201	139½	229	179¾	215⅛	8
Westinghouse Air Brake	50⅜	40	57⅜	42⅛	55¾	43¼	53⅛	2
Westinghouse Elec. & Mfg.	94¾	67⅝	144	88⅛	206½	137½	204	4
White Motor	58⅜	30¼	43¾	30¼	53½	38	39⅛	1
Willys-Overland	24¾	13⅛	33	17¾	35	20	25	1.20
Woolworth Co. (F. W.)	198½	117¾	235¾	175½	94½	85	89⅞	2.40
Worthington Pump & Mach.	46	20½	55	28	77¾	43	73½	..
Wright Aeronautical	94⅜	34⅛	289	60	149½	109	130½	2
Y								
Youngstown Sheet & Tube	100½	80½	115⅝	83½	160	105	154⅞	5

* Ex-dividend. † Bid Price. ‡ Partly Extra.

Securities Analyzed, Rated and Mentioned in This Issue

Industrials

Bonds

Mining

Petroleum

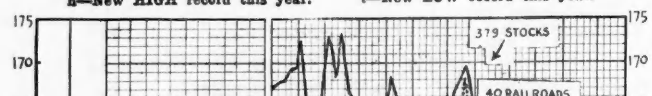
Public Utilities

Railroads

THE MAGAZINE OF WALL STREET'S
COMMON STOCK PRICE INDEX
(1925 Closing Prices = 100)

Number of Issues in Group	Group	1929 Indexes (379 Issues) High	1929 Indexes (379 Issues) Low	Recent Indexes July 20	Recent Indexes July 27	1928 Indexes (308 Issues) Close	1928 Indexes (308 Issues) High	1928 Indexes (308 Issues) Low
379	COMBINED AVERAGE	173.1	160.2	169.1	165.4	165.4	166.0	109.2
40	Railroads	168.1	145.1	168.1H	161.3	147.1	148.9	119.5
3	Agricultural Implements	655.4	378.2	481.0	452.7	513.2	513.2	280.5
8	Amusements	268.0	216.7	223.1	218.0	253.8	262.9	98.3
15	Automobile Accessories	212.6	176.9	187.5	187.1	190.2	190.2	86.4
18	Automobiles	134.9	101.3	104.2	101.8	133.5	133.5	79.0
2	Aviation (1927 Cl.—100)	307.1	264.5	297.5	294.3	284.4	(Begun	1929)
3	Baking (1926 Cl.—100)	96.3	76.4	92.6	87.3	82.3	82.9	51.5
2	Biscuit	238.0	198.6	232.9	221.1	225.2	242.4	169.7
4	Business Machines	351.9	234.1	348.1	351.9H	235.0	235.0	153.7
2	Cans	249.5	177.7	248.5	236.3	177.7	181.4	117.2
7	Chemicals & Dyes	328.2	221.7	328.2h	310.9	221.9	(Begun	1929)
2	Coal	124.0	80.3	98.1	99.4	120.2	120.3	81.8
14	Construction & Bldg. Material	141.3	116.6	132.9	128.6	136.9	136.9	94.4
15	Copper	391.5	284.6	306.2	299.6	299.6	299.6	159.8
3	Dairy Products	132.5	109.8	131.4	125.9	120.4	132.5	68.1
7	Department Stores	86.5	62.1	68.9	66.5	86.5	89.5	62.9
10	Drugs & Toilet Articles	199.2	166.9	180.7	180.5	196.0	201.9	157.2
5	Electric Apparatus	272.2	183.5	268.3	272.2H	183.5	183.5	125.6
3	Fertilizers	121.4	65.8	77.6	74.9	103.4	116.8	78.4
2	Finance Companies	207.8	161.4	191.7	188.1	178.5	(Begun	1929)
4	Furniture & Floor Covering	197.5	143.3	173.5	166.6	185.0	185.0	110.2
5	Household Appliances	110.8	88.3	94.4	93.6	110.8	113.3	87.5
3	Investment Trusts	406.2	154.4	377.2	375.9	154.4	(Begun	1929)
3	Mail Order	418.6	309.0	341.0	326.2	418.6	426.5	147.9
4	Marine	93.7	71.4	77.2	71.4-l	77.4	96.5	66.8
2	Meat Packing	104.4	70.9	77.0	72.2	104.4	(Begun	1929)
40	Petroleum & Natural Gas	172.3	143.8	155.4	152.9	164.4	182.6	86.1
5	Phono'phs & Radio (1927—100)	321.1	248.9	258.3	252.0	290.0	(Begun	1929)
17	Public Utilities	335.8	213.3	335.8H	334.5	215.5	215.5	127.9
10	Railroad Equipment	135.4	117.5	135.4H	133.7	127.6	128.9	112.1
3	Restaurants	172.0	119.3	170.9	162.6	131.0	138.1	89.8
2	Shoe & Leather	178.3	129.0	134.4	129.0-l	176.2	231.4	138.3
2	Soft Drinks (1926 Cl.—100)	244.0	206.9	242.0	235.3	208.6	214.0	152.9
13	Steel & Iron	164.4	133.3	164.4H	161.0	138.8	143.4	86.3
6	Sugar	81.6	60.9	69.4	67.9	78.7	93.7	72.8
2	Sulphur	295.2	242.5	254.2	255.4	286.9	386.9	251.6
3	Telephone & Telegraph	211.8	150.1	209.2	211.4	150.1	150.1	120.8
6	Textiles	128.5	90.4	95.9	90.4-l	122.8	123.8	78.6
8	Tire & Rubber	111.4	70.2	72.5	70.2-l	104.0	104.0	61.5
11	Tobacco	184.6	143.4	144.5	143.4-l	180.9	195.0	167.8
5	Traction	140.4	81.7	84.1	81.7-l	126.6	150.4	103.8
2	Variety Stores	128.0	110.9	120.6	116.1	124.4	126.8	98.0

H—New HIGH record since 1925.
h—New HIGH record this year. l—New LOW record this year.



(An unweighted Index of weekly closing prices specially designed for investors. The 1929 Index includes 379 issues, distributed among 42 leading industries, and covers about 90% of the total transactions in all Common Stocks listed on the New York Stock Exchange. It is compensated for stock dividends, rights and assessments and reflects all important price movements with a high degree of accuracy. Our method of making annual revisions in the list of stocks included, renders it possible to keep the Index abreast with evolutionary changes in the market, without impairing its continuity or introducing cumulative inaccuracies.)

Contests Over Small Rails Afford Investment Opportunities

(*Continued from page 664*)

it but the fact that he, his wife and son owned all the stock did not seem to make any difference to the B. & O.

While not everyone who buys a railroad of that size, larger or smaller, can give it the volume of traffic that Henry Ford put over the D., T. & I., it seems reasonably certain, that, with such methods of efficiency in management as he introduced, and with the expenditure of a reasonable sum of money for improvements, their earning power could be greatly increased.

But remember that the railroads that we have been talking about in this article have not been bought primarily for their earning power, but because they were wanted to reach certain points, and also to keep competitors out of those centers.

It is the latter considerations that have been chiefly responsible for the big and even sensational advances that have taken place from time to time in the stocks of these roads.

Not to overlook other small roads that have attracted much attention, because of being wanted by several large systems, mention should be made of the Virginian. It was built by the late H. H. Rogers, Standard Oil president, as a hobby Several years ago the Pennsylvania tried to get it through the Norfolk & Western, but was thwarted by the I. C. C. New York Central is said to have wanted it also. Wabash put the road into the sixth system for Eastern Territory that it suggested in connection with its own plan.

Bangor & Aroostook is another road in which active speculative interest has centered for some time. It is the potato carrying road of Maine, and pretty much all New England. Recently there have been rumors that the dividend would be increased from $3 50 to $5 on the $50 par value shares, and also that a stock dividend might be declared.

While neither is certain at this time, the prospect of at least an extra dividend after the potato hauling season is over is likely to keep speculative interest in the stock active. The property is bound to go to a larger road in time Mr Loree put it into his "belt" system for New England roads That, by the way, is a situation worth keeping in mind in any study of the small roads in the east that may be made.

Don't overlook the Ontario & Western. Although its earnings are not large and it makes a dividend on its common stock only in the years when the coal movement is good and summer travel to the Catskills correspondingly satisfactory, it holds a strategic position and is certain to figure prominently among the small roads in the East when once the grouping of those properties is taken up actively and seriously.

It will prove highly interesting and equally profitable to study a comprehensive map of the railroads in Eastern territory with a view to picking out the small roads occupying the most strategic positions that are not now definitely allied with larger roads by actual ownership or lease or both.

Bear in mind that nearly all the small roads that we have talked about in this article may not be lodged permanently where they now have temporary quarters. Further changes of ownership may well result in substantial appreciation in the securities during the process.

Advertising Plays Important Rôle in Security Values

(*Continued from page 662*)

ducers of certain commodities like cement, anthracite, gasoline, clothes, hats, typewriters and the thousand and one things which are part and parcel of our daily life. Will he get half of them right? But read the names of our leading corporations, and the chances are that the average reader will score, from memory alone, a pretty good percentage of right answers by commodities or commodity groups.

Is it any wonder, therefore, that banks are becoming our most aggressive advertisers? And that many of them are aggressive vendors of securities and advertise this with an enthusiasm which would make Russell Sage squirm were he to return to the Street again? Even Ford, for all his goodwill and monopolistic market, was tempted to advertise. Not that he had to perhaps because he might have sold his new car anyhow, but there was what the French call a *je ne sais quoi* which convinced him of the advantages to be derived from an advertising campaign.

It can't be long now, before advertising will come into its own as a definite banking and investment force. One need but compare what advertising was prior to the war. The war itself led many corporations to dump funds into advertising to keep down surpluses, and much to their chagrin they found that the surplus, at least the part that went into advertising, had a habit of coming back. It came back so regularly that during the off days of 1921 and 1922 it was tried as part of new wisdom with results which now are not only evident but elementary.

Southern Pacific

(Continued from page 675)

basis of three points for the bonds for each ten points rise in the stock above the purchase price stipulated in the warrants. Actually, the value to the bondholders would be greater than this figure in the event of any substantial price increase of the shares, for the bonds with warrants attached would have a tendency to discount future advances in the stock over and above the arbitrage values as indicated above.

The investor may view the warrant feature from several angles; all of course on the assumption of sustained values for the shares over 145. First, he might consider the possibility of a direct price appreciation in the value of his bond from the standpoint of a market profit to be derived from the bond investment. Second, in view of the fact that the warrants are detachable, he might consider the possibility of selling the rights and thus to reduce the initial cost of the investment proportionately by the amount realized. The bonds are quoted "with warrants" at present, however, and it would not be advisable to detach the warrants until a better market develops for the latter.

There is still another purpose that these warrants might serve—one that was primarily intended by the company when the issue was originally created This is the opportunity to make a profitable investment in common shares which under the terms of the indenture is fixed at a flat price of 145 any time during the next five years. From the yield standpoint such an investment would be less favorable at the present $6 dividend than the income from the bond. Showing earnings, of almost $11 a share last year and several dollars higher than that figure estimated for 1929, the current dividend will be increased in all likelihood—possibly at the dividend meetings scheduled for August or November of this year. Should the dividend be increased to $7, the income would be slightly better than the income from the bond and a higher rate would make the return proportionately more attractive.

In any event, the speculating "play" in these bonds is tied up at least to limited extent with the future prospects of Southern Pacific stock. This publication has recently presented an extensive analysis of the position of the junior issue which draws a favorable conclusion relative to its future prospects, particularly from the long range investment standpoint. To the facts which were presented at that time, the

recently published six months' earnings statement can now be added, showing net operating income of 26.5 million dollars this year compared with 21.8 million dollars during the same period in 1928. This trend in earnings would seem to justify earnings in the neighborhood of $13 per share predicted for 1929 and the expectancy for higher market values for the common stock over a period of time. This is the situation in which the holders of the 4½s of 1969 have the opportunity of participating at any time up to 1934 and without paying too liberal a price for the privilege. This feature may be divorced entirely from the investment status of the issue, however, for it stands up well in that regard on its own merits.

Shell Union Oil Company

(*Continued from page 681*)

to suppose that if depreciation and depletion had been charged at the same rate last year as in 1926, earnings would have easily equalled the $2.97 per share shown in that year.

Regarding dividends, shareholders have been liberally treated during the past six years, and valuable rights to subscribe to new stock have been given on several occasions. The present dividend is well protected, and if the favorable showing made in 1928 is duplicated this year, an extra dividend is within the realm of probability.

Shell Union Oil is not recommended for speculation, as the price usually moves slowly, but for the investor desiring to make a long term investment in the common stock of a well managed and thoroughly integrated oil company, the shares appear attractive at present levels.

The New Tariff—A World Issue

(*Continued from page 659*)

forever to keep on piling up its credits in a compound interest way—that is, if it can. And of course, it can't. In the long run trade between nations is a balanced exchange of goods and services. Debts must be paid in substantial form or they can not be paid.

It therefore appears to be indisputable that the United States is building up the argument for freer international trade and non-restrictive tariffs at the rate of $1,500,000,000 a year—that being the amount our foreign investments increase each year. To say that the owners of American plants abroad and the holders of obligations of or equities in foreign industries are not going to become a powerful force in favor of lower American tariffs is equivalent to denying the force of gravity. The same is true to a degree of all our exporting industries, especially if they feel that they can successfully compete in the home market with the foreign product. Of course, each exporting industry will want some other product than its own to bear the brunt of tariff reduction; but that willingness to sacrifice the other fellow's relatives will make the course of the circle and all tariffs will go down. The automobile industry is for mutual free trade, or near it, right now because it simultaneously is in dire need of foreign markets and in a position to compete advantageously against foreign cars in the American market. That industry has delved far enough into economics and international trade to discover that exports mean imports; but it believes that it is so strong in American territory that the imports to pay for its own exports will not be in the shape of motor cars. That will be the worry of some other industry.

American Trade in Intangibles

Before leaving this phase of the subject it should be noted that imports and exports are not only of goods and gold; services, also, are bought and sold internationally. When an American travels in Europe he may be considered as virtually importing European services of transport, amusement, education, culture as well as the services of servants, sales people, mechanics—plus the goods he buys. The bills the traveling Americans may run up in the mass may offset America's excess of exports proper. Other forms of exportable or importable services, not dependent on travel are insurance, commercial shipping, banking, storage, brokerage, and professional and technical. Offsetting in part the net gold debts on the books of trade in commodities are the moneys that America annually remits to the outside world in the form of investments, loans, mission funds, pensions, annuities, insurance policy settlements; gifts or allowances to friends, relatives and others, etc. If Americans wish to spend their profits and incomes from Europe in Europe, and are not worried about the principal, to that extent they can avoid the necessity of having them shipped to the United States in the form of imported goods.

One possible eventuality, to which little thought is given, is that we may not continue to augment our position as a creditor nation, or may even detract from it. Every manufacturer in the outside world would like to get

into the American market. If he cannot get his foreign-made goods into it, on account of the tariff, which he is now actively abusing and assailing, he can do what he once did on a large scale—follow in reverse the example of his American brother—and export a factory or its equivalent in capital to the United States.

International Trade in Factories and Plants

The foreign brother has suddenly awakened to the fact that while he has been impotently scratching at the massive American tariff door, the American brother has blandly come into his competitor's house through the branch factory window and has been helping himself to various and sundry luscious comestibles in the foreigner's home-trade larder. He has conjured up a nebulous gentlemen's implied agreement that so long as the American tariff communed with the stars the American would not muss up the commercial scenery by introducing his horrid quantity production plants into foreign industrial countries. The imaginary gentlemen's agreement being most impolitely scrapped by the graceless Americans, the European gentleman is peeling off his dress coat and beginning to transport his factories to America.

English and German rayon interests have thus gobbled up the bulk of the rayon production of the United States. The principal English manufacturer of small automobiles announces that he is going to erect a plant in the United States that will give Henry Ford less time to think about Ford plants in England. The German I. G. F chemical company is here with both feet. French tire makers are here with a bang. The Royal Dutch Shell Company is fattening on American gasoline consumers, largely by way of getting even with the Standard Oil Company for recklessly dropping its refineries and goods into all parts of the known world. An American-made British cigarette has entrenched itself in a Kentucky factory. A British soap maker, sedulously concealing his British origin, has built up factories in this country that sometimes make our soap-makers wonder why they built factories abroad, with so much good trade at home being gobbled up by a foreigner. And by working harder, increasing productivity of labor, reducing profits, and dolling up their products foreign manufacturers are finding that they can pay the stiff tariffs and still get a share of American trade. Go into any "five-and-ten" and you'll find plenty of French savons and English soaps cuddling up to the same domestic product that you can find in the Galeries Lafayette or Selfridge's. And, oh, yes, have you noticed how French plants

supported by your own stock investment money have settled down here to cut a huge chunk out of that $500,000,000 feminine vanity market?

When we survey the world, as a whole, we see that virtually every progressive country is set on building itself into an economic whole as much as possible. They all would like to do what the United States has already done; at the same time each country desires more foreign trade, always thinking of the export side rather than the complimentary import side. The emphasis is always on: Make everything at home and sell the surplus. If the surplus can't be sold because of the responsive trade policy of other nations, the next best thing is to export capital—factories. This sort of penetration might be carried on until every nation had fused its characteristic industries into others, and the only trade that would be left would be that in raw or semi-finished materials. Chimerical, of course!

The foreigners say that all they want is a square deal on tariffs; that is, that the United States shall come down to their level in tariffs. It looks fair enough, but wherever production costs are cheaper in a given country than in the United States Uncle Sam would draw a lemon. Moreover, since in general, tariffs throughout the world are non-existent or low on raw materials, an equalizing of tariff rates would give Uncle Samuel the worst of it. He is a tremendous raw material exporter, and his Constitution forbids export tariffs, an inhibition that other nations do not enjoy. Right now Canada is dallying with the idea of stirring Uncle Sam's complacency with some export tariffs on materials of which he is short. Dictator Mussolini in Italy has a peculiar kind of leather that he is even putting under an export embargo.

But that colossal American tariff wall, so long as it stands, is making for high tariffs everywhere. The trouble about reprisals, however, is that counter-tariff walls frequently enclose such small territory—the plot is too small for self-containment in big volume. Every nation in Europe is too small or too poor to make itself surpassingly rich by taking in its own washing. So comes M. Briand with his economic United States of Europe. Put a tariff wall around Europe as a whole and let down the barriers inside! Create a greater home-market than the United States! And backed by that market face the United States energetically throughout the neutral world.

There are cross-currents innumerable in this sea of international trade rivalries, but unless the flow of American money abroad is stopped the time will come when there will be a predominant American interest in favor of lower tariffs, if not free trade. England's foreign trade interests and investments compelled her to become a free trade country seventy-five years ago. She sacrificed her farmers, and whilst her fortunate class of propertyed people rolled in wealth her laborers were in wretchedness. It doesn't follow that the results of free trade would be the same in this country—but they might be. We might follow a middle course and reduce tariffs on manufactured goods and keep them up on agricultural products, thus saving our farmers—but what of labor, then? How can you have prosperous laboring classes paid world wages and paying higher than world prices for food?

The outlook is for a merry conflict of interests within the American economic community that will make the present consensus of opinion in favor of high tariffs look, viewed from the future, like a golden age of national unity and amity.

This leads us to the next article in this series: "Does the New Economic Era Make Debt Cancellation the Wisest Policy?" This question, with all its many ramifications affecting American business as well as international accord, is treated in a manner that will appeal to every thinking business man.

Important Dividend Announcements

Note—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Ann'l Rate		Amount Declared		Stock Record	Payable
$5.00	Allied Pr. & Lt. $5 pfd.	$1.25	Q	8-1	8-15
3.00	Allied Pr. & Lt. $3 pfd.	0.75	Q	8-1	8-15
3.00	Amer. Bank Note pfd..	0.75	Q	9-10	10-1
2.00	Amer. Bank Note com..	0.50	Q	9-10	10-1
7.00	Armour & Co. (Ill.) pfd.	1.75	Q	9-10	10-1
7.00	Armour & Co. of Del. pfd.	1.75	Q	9-10	10-1
8.00	Brooklyn Edison	2.00	Q	8-9	9-3
2.50	Continental Can com...	0.62½	Q	8-1	8-15
7.00	Fairbanks-Morse Co. pfd.	1.75	Q	8-12	8-31
3.00	Fairbanks-Morse com ..	0.75	Q	9-12	9-30
7.00	First Ntl. Pic. 2d pfd. A	1.75	Q	..	10-1
6.00	Gen. Outdoor Advt. pfd.	1.50	Q	8-5	8-15
5.00	Gillette Safety Razor..	1.25	Q	8-1	9-3
7.00	Hercules Powder pfd...	1.75	Q	8-3	8-15
6.00	Hershey Choc. pr. pfd.	1.50	Q	7-25	8-15
4.00	Hershey Choc. conv. pfd.	1.00	Q	7-25	8-15
7.00	Int'l Comb'n Eng. pfd.	1.75	Q	9-17	10-1
2.00	Int'l Comb'n Eng. com.	0.50	Q	8-15	8-31
7.00	Inter'l Harvester pfd...	1.75	Q	8-5	9-3
2.40	Int'l Paper & Pwr. Cl. A	0.60	Q	8-1	8-15
2.40	Inter. Paper Co. com.	0.60	Q	8-1	8-15
6.50	Loew's, Inc. pfd......	1.62½	Q	7-26	8-15
7.00	Missouri-Kan-Tex. pfd. A	1.75	Q	9-14	9-30
1.00	Nat'l Pwr. & Lt. com..	0.25	Q	8-12	9-3
6.00	No. Amer. Prov. pfd...	1.50	Q	9-10	10-1
1.50	Pac. Gas & El. 6% pfd.	0.37½	Q	7-31	8-15
5.00	Pacific Lighting pfd...	1.25	Q	7-31	8-15
3.00	Pacific Lighting com..	0.75	Q	7-31	8-15
6.00	Pierce-Arrow 6% pfd..	1.50	Q	8-10	9-1
7.00	Reming'n-Rand Inc. pfd.	1.75	Q	9-7	10-7
8.00	Remington-Rand 2d pfd.	2.00	Q	9-1	10-1
7.00	Repub. Iron & Stl. pfd.	1.75	Q	9-12	10-1
4.00	Repub. Iron & Stl. com	1.00	Q	8-12	9-3
8.00	Sinclair Cons. Oil pfd.	2.00	Q	8-1	8-15
2.00	Skelly Oil Co..........	0.50	Q	8-15	9-16
5.00	Tidewater Oil Co. pfd..	1.25	Q	7-22	8-15
3.00	Vanadium Corp. of Am.	0.75	Q	8-1	8-15
2.20	Warner Bros. Pict. pfd.	0.55	Q	8-10	9-1
3.00	Warner Bros. Pict. com.	0.75	Q	8-10	9-1
...	Warner Bros. com. ext.	0.12½	Q	8-10	9-1
7.00	Willys Overland pfd....	1.75	Q	9-16	10-1
2.40	Woolworth (F. W.) Co..	0.60	Q	8-10	9-3
2.00	Wright Aero	0.50	Q	8-15	8-31

Answers to Inquiries

(Continued from page 690)

product is fraught with considerable difficulty and the chances of success to any more than a moderate degree seem very meager. Moreover, there is no convincing evidence that the American public would be receptive to a car of the type of an Austin. It is to be borne in mind that, without detracting from the mechanical merit of this car, it is possible that a considerable portion of its English popularity might be attributed to its low horsepower rating, which would have far less appeal in this country. In addition, the striking manner in which the Ford Motor Co has demonstrated its ability to regain its former position as the leading factor in the low priced field after practically ceasing production, not only emphasizes the well entrenched position of the company but testifies strongly for the merit of its products and a public confidence not easily displaced. With these facts in mind, it must be concluded that the shares of the American Austin Car Co., at best, are a highly speculative issue and should be avoided by the conservative investor.

GULF STATES STEEL

What is the outlook for Gulf States Steel? I hold 25 shares of this stock since 1926 when I paid 91. With the steel industry going so well, is there a good chance that I may be able to sell out even within the next few months?—M. V. T., Dunmore, Pa.

Reflecting increased demand and operating economies effected by plant improvements completed last year, earnings of the Gulf States Steel Co in the first six months of the current year amounted to $3.50 per share on the 197,500 shares of common stock outstanding. This showing compares with $2.38 per share on the same basis in the corresponding period of 1928, and $3.97 for the full 1928 year. At last reports, the company was maintaining production at a high rate, and barring unforeseen developments, it is quite possible that profits for the full year will closely approximate $6 per share. Although one of the smaller producers, and operating in a highly competitive territory, the company has given a fairly good account of itself, and appears well able to hold its own. Early in the forthcoming year, construction of a new finishing mill will be completed, permitting the company to further enlarge its output. Prevailing quotations for the shares do not appear to place too high a valuation on

the company's earnings and near term prospects, and it is quite possible that the current interest in steel stocks, as a group, as well as the favorable outlook for the industry, will result in some further market price appreciation before the close of the year.

GLIDDEN CO.

Has the substantial advance in the price of Glidden discounted its nearby prospects? Thanks to your advice I bought 100 shares of this stock last year and now have trebled my money. Shall I accept this profit?—H. M. L., Rome, Ga.

Rated as one of the leading companies engaged in the manufacture of paints and varnishes, Glidden Co has been making rapid strides during the past several years in the food business. Since the first of the year seven food manufacturing companies have been absorbed, the most recent being the E. R Durkee & Co., one of the largest manufacturers of salad dressings, meat sauces, pickles, spices and condiments. In the meantime, however, the company has not neglected its paint business and the retail marketing organization has been further extended. These developments have naturally found favorable reflection in earnings and for the 8 months ended June 30th, 1929, net profits amounted to $2.54 per share on 600,000 shares of no par common stock, as compared with $2 19 per share on 400,000 shares of common stock in the corresponding period of the previous year. It has been estimated that results for the full fiscal year will show something in the neighborhood of $4.50 per share on the common stock. Current quotations for the shares would appear to discount near term prospects but present holders not concerned with intermediate market movements will, in all probability, be further rewarded.

FIRST NATIONAL STORES

In March of this year, I bought 100 shares of First National Stores at 74½. Do you think I should sell if I can get out even? When I took on this stock, I understood it had very good merger possibilities, but there have been no developments along these lines.—L. G. M., Torrington, Conn.

First National Stores, Inc., is the leading chain store organization operating exclusively in New England. During the past year or so the company has to some extent been engaged in the process of rehabilitation and the management has met with considerable success in effecting operating economies through the closing of unprofitable units and the concentration of distributing facilities in several warehouses strategically located. Sales last year closely approximated 76 million dollars and it appears well within the realm of possibility that that figure, augmented by the sales of the Economy Grocery Co. with 357 retail units acquired earlier this year, will be extended close to $100,000,000 in the current year. At the present time plans call for the construction of a new meat plant, a new bakery and other improvements which should be favorably translated into earnings, in the course of time. Profits in the current year will in all probability exceed $5 a share and would justify an upward revision in the present dividend. The management, however, is committed to a conservative policy and may deem it more advisable to conserve cash for expansion activities. First National has been mentioned from time to time in connection with merger rumors involving several other large chain store organizations, but nothing definite has materialized. On their own merits, the shares do not appear to be overvalued in contrast with representative chain store issues and we believe continued retention will prove a profitable course.

GENERAL CABLE CO.

My broker is urging me to buy 25 shares of General Cable A and 50 of the common. He says this company has excellent merger prospects and the stock is in a strong technical position. What is your recommendation?—G. C. B., El Paso, Texas.

General Cable Co. succeeded the former Safety Cable Co. by change of name, and through various subsidiaries, engages in the manufacture of all kinds of copper and wire cables, tubing and copper rods. In its field, the company is one of the largest factors, and enjoys strong affiliations, a fact which has from time to time given rise to merger rumors. Capitalization is represented by $15,000,000 of funded debt, 150,000 shares of 7% preferred stock, 411,600 shares of no par class A stock and 457,500 shares of no par common. The class A shares have preference over the common stock with respect to dividends of $4 per share annually, and is convertible into common stock on the basis of 2 shares of the latter for each share of class A stock. For the year ended December 31st, 1928, profits were equivalent to $6 49 per share on the class A stock and $2.90 on the common stock. At the present time, however, the common shares pay no dividends. Earnings of the company, thus far in the current year, have registered a sharp gain, being equivalent to $2 03 per share on the common stock, as contrasted with only $1.66 per share on the class A stock in the same period of last year. This showing would have

been more impressive were it not for the policy of the company to charge off unusually large reserves against copper inventories and expenses for maintenance and depreciation of properties. A continuation of this policy throughout the current year may tend to retard per share earnings to some extent, and final results may show actual earnings of only $5 to $6 per share available for the common stock. Under the circumstances, however, this showing may be regarded as wholly satisfactory, and gives considerable weight to the possibility of dividend payments on the common shares in the not distant future. The class A shares impress us as constituting a rather attractive speculation, and the ideal medium for participating in the company's future growth. Investors desirous of interesting themselves in this situation would be warranted in confining commitments to the A shares which offer the added inducement of a fair income return and the convertible feature will permit shareholders to participate in any subsequent market price appreciation in the common stock.

FLEISCHMANN CO.

Would you advise exchanging my holdings of Fleishmann for the stock of the Standard Brands, Inc.? I have 25 shares of Fleishmann which cost me 77. Now that the merger news is out, I am tempted to take my profit, but shall be guided by your opinion.—F. C. T., Everett, Wash.

The new company, Standard Brands, Inc., representing a consolidation of the Fleischmann Co., Royal Baking Powder and E. W. Gillett Co., Ltd., comes into existence under favorable circumstances and should enjoy a profitable career. Combined products of the new company will include yeast, malt syrup, white distilled vinegar, two different kinds of baking powder and a fruit flavored gelatin. Assuming a complete exchange of the various securities of the companies which will be combined, Standard Brands, Inc., will have a capitalization consisting of about 100,000 shares of 7% preferred stock and 12,350,000 shares of no par common stock. The proposed terms of the merger give Fleischmann stockholders the opportunity to exchange one share of common stock for 2½ shares of common stock in the new company. Combined earnings of constituent companies for the year ended December 31st, 1928, would have been equivalent to approximately $1.69 per share on the outstanding common stock. On the basis of exchange this would be equivalent to $4.22 per share for Fleischmann stockholders, contrasted with actual earnings reported by the Fleischmann Co. in 1928, equal to $4.39 per share. Computed on an

earning power basis, the shares of both Fleischmann and Standard Brands appear to be selling fully in line with their actual value at this time and further market price appreciation will probably be confined to rather narrow limits for the time being. From a longer range standpoint, we would have no hesitation in advising stockholders of Fleischmann Co. to accept the offer of exchange, with the intention of holding the shares of the new company for future enhancement in value.

CERRO DE PASCO COPPER CORP.

Shall I take a loss of 15 points in Cerro De Pasco copper with the idea of putting my funds in another stock where the trend is upward? My commitment in this stock has been very disappointing. I have held on since March.—P. E. C., Fort Smith, Ark.

While we do not look for any substantial recovery in the market price of Cerro de Pasco Copper Corp. shares, we are not inclined to feel that the situation is such as to warrant disposal of present commitments at a substantial loss. The shares yield a liberal return, and earnings should continue sufficient to afford reasonable support for the present dividend rate. Coincident with the advent of the new management, recently elected, a construction program involving the expenditure of $15,000,000 and covering approximately a four-year period, was announced. Various improvements will be effected which should eventually find tangible reflection in earning power. The company is one of the foremost copper producers, and is rated as the lowest cost producer in the world. While there have been rumors from time to time during the recent past that copper prices will be further reduced, such reductions have failed to materialize, and the general feeling among important interests in the industry remains optimistic. On the whole, it seems probable that copper prices will remain fairly stable around prevailing levels. If, therefore, you recognize the speculative features of the situation, and are not averse to assuming some risk, as stated above, we would be inclined to counsel further retention.

INGERSOLL RAND CO.

Have you any definite data on the rumored split-up in Ingersoll Rand? I have 50 shares at 49 which shows me a profit of over $500. Shall I continue to hold?—M. M. H., Cedar Rapids, Iowa.

The Ingersoll Rand Co. is engaged in the manufacture of a diversified line of specialized machinery including rock drillers, mining, tunneling and quarrying machinery together with pneumatic and other tools. Recently, the company had developed a Diesel engine which has been incorporated in the oil-electric engines made jointly with the General Electric Co. A review of the company's record covering recent years reveals a steady upward trend in earnings and profits in 1928 established a new high record, being equivalent to $7.86 per share on the 1,000,000 shares of no par common stock. This contrasts with $6.29 per share in the preceding year. At last reports the company was in an exceptionally strong financial position, and aside from a comparatively small amount of preferred stock, the common stock constitutes the sole capital liability. With regard to the possibility of a split-up in the common stock we would say that we are not in a position to confirm the likelihood of such action in the near future, but would point out that the surplus account at the close of 1928 totaled nearly 15 millions, the highest since 1922, when a 100% stock dividend was paid. On the basis of developed earnings, the shares are not undervalued, and at prevailing levels appear to be primarily attractive as a long pull proposition. From that standpoint, however, they appear to have well defined merit.

UNDERWOOD-ELLIOTT-FISHER CO.

Do you think that the time has come to take profits in Underwood-Elliott-Fisher? Following your recommendation, I bought 50 shares of this stock at 81. What is your opinion now?—G. W. M., Saint Cloud Minn.

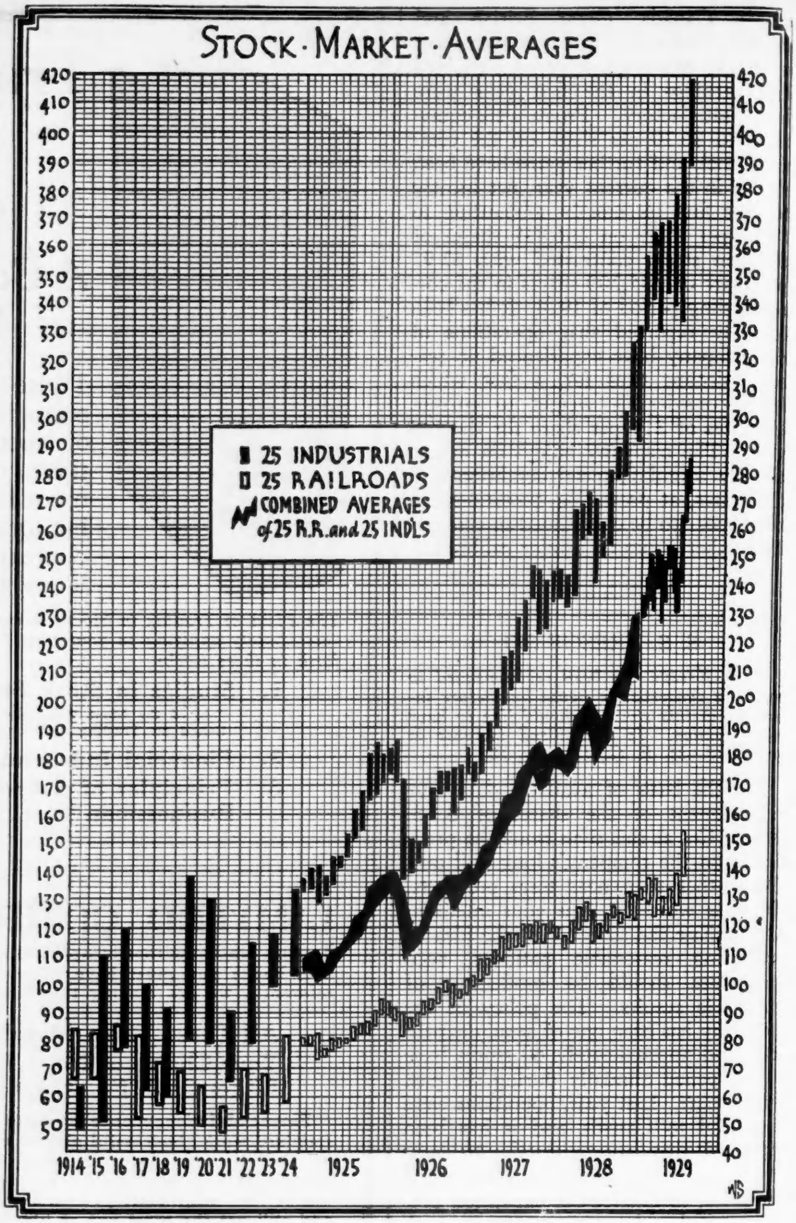
In our opinion, the shares of Underwood-Elliott-Fisher Co. have excellent possibilities for holding over a reasonable period of time and we would have no hesitation in advising retention of present commitments. As you perhaps know, the company was organized late in 1927 for the purpose of facilitating the consolidation of the Underwood Typewriter and the Elliott-Fisher Co. Subsequently, in June, 1928, the Underwood Computing Machine Co. was acquired and in January of this year the Neidich Process Co., engaged in the manufacture of typewriter supplies, was added to the group. As a result of these various acquisitions, the company ranks as the largest manufacturer of typewriters and supplies, flat surface writing and accounting machines, and various subsidiaries engage, in the production of adding machines, figuring machines, cash registers and bookkeeping machines. Distribution is effected through an extensive sales organization with offices in all leading cities in the United

States, Canada, Great Britian and France. Since its formation, numerous operating economies have been effected and earnings in the first year were highly satisfactory. Profits were equivalent to $6.30 per share on the common stock and further gains have been shown in the current year, net income for the first six months amounting to $4.57 per share on 696,835 shares of common stock, contrasted with $2.92 per share on 645,200 shares in the corresponding period of 1928. It has been officially reported that operations of the company have experienced no seasonal decline thus far, a fact which lends considerable weight to current estimates of $11 per share for the full year. The company enjoys an exceptionally sound financial condition and the shares, at prevailing quotations, do not appear to be overvalued in contrast with other issues of similar calibre.

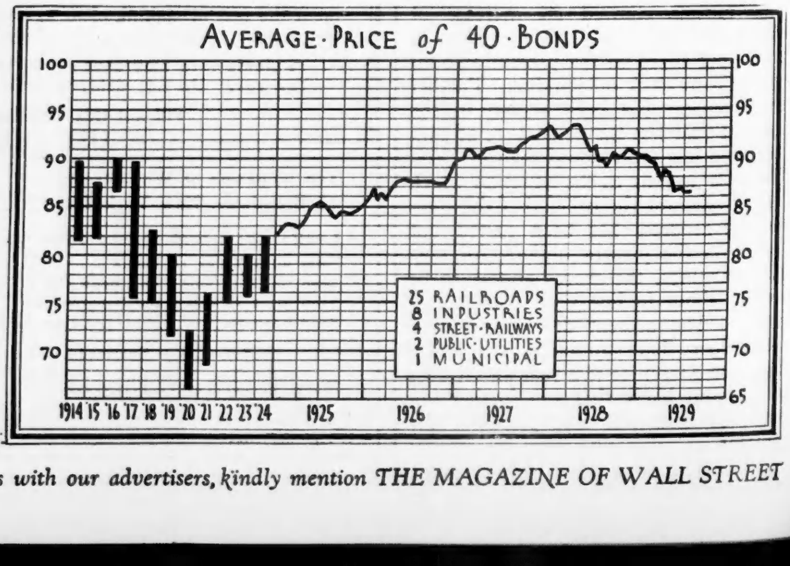
S. S. KRESGE CO.

S. S. Kresge has been recommended to me by a conservative house but before investing in this stock I should like to have your opinion. Is a dividend increase in prospect?—M. E. G., Decatur, Ill.

On the basis of available data, our endorsement of the shares of S. S. Kresge Co. at this time would be predicated on the company's long pull outlook rather than near term prospects. In other words, if it is your intention to purchase the shares with the idea of exercising reasonable patience, such procedure should be productive of profitable results. The policy of the company has been one of steady expansion and approximately 60 stores have been opened annually during the past three years. Last year, operations were extended to Canada and it has been reported that approximately 30 locations have been obtained. In order, however, to finance the expansion program, it has been necessary to issue additional stock from time to time and as a consequence per share earnings have been retarded to some extent. Net income showed an increase of about 12% last year and was equal to $2.80 per share on the present amount of common stock outstanding. Further improvement has been shown in the current year but the percentage of gain has been less pronounced than in 1928. There is nothing in the situation which would warrant the belief that the company's progress has been halted but based on the present outlook for current earnings, the shares appear to be selling about in line with their actual value. The present dividend rate of $1.60 per share annually was established in March of this year and it does not appear likely that any further upward revision will take place for the present.



Market Statistics Figures Will Be Found On Opposite Page



MARKET STATISTICS

	N. Y. Times 40 Bonds	Dow, Jones Avgs. 20 Indus.	Dow, Jones Avgs. 20 Rails	N. Y. Times 50 Stocks High	N. Y. Times 50 Stocks Low	Sales
Thursday, July 18	86.51	344.59	176.33	284.39	280.42	3,727,710
Friday, July 19	86.62	345.20	178.56	285.02	279.65	4,201,000
Saturday, July 20	86.59	345.87	179.13	284.86	281.56	1,955,670
Monday, July 22	86.47	341.37	177.13	284.92	278.73	3,679,480
Tuesday, July 23	86.41	345.48	178.37	284.62	278.56	3,777,410
Wednesday, July 24	86.56	343.04	176.95	285.05	279.71	3,778,960
Thursday, July 25	86.42	344.67	175.50	283.17	277.55	3,478,830
Friday, July 26	86.51	345.47	174.00	283.48	278.26	3,552,160
Saturday, July 27	86.50	343.73	172.53	281.40	278.36	1,370,610
Monday, July 29	86.30	339.21	170.85	279.28	273.42	2,760,280
Tuesday, July 30	86.38	343.12	172.53	280.61	275.08	2,686,290
Wednesday, July 31	86.51	347.70	173.48	283.37	278.86	3,407,040

New York Curb Market

IMPORTANT ISSUES

Quotations as of July 31, 1929

Name and Dividend	1929 Price Range High	Low	Recent Price
Aluminum Co. of Amer......	445	416	444
Aluminum Pfd. (6)	108¼	103½	106
Amer. Cyanamid "B" (1.40).	69	39½	66½
Amer. Cyanamid pfd. (6)...	127	98	127
Amer. Gas Elec. (1)‡........	224⅞	128	209
Amer. Super Power A (1.2)†.	71¼	25⅞	67
Assoc. Gas Elec. "A" (2¼)..	64⅛	49¼	64
Centrif. Pipe (0.60)*........	13	7	10¾
Cities Service (1.2)†........	48½	28¼	46⅝
Cities Service Pfd. (6)†.....	98¾	93½	93⅞
Cons. Gas of Balt. (3)......	160	88⅛	138⅝
Consolidated Laundries	21	15¾	16
Durant Motors†..	20	9	10¼
Elec. Bond Share (1)†......	148	73	140
Elect. Investors† (6% stk.)..	283	77½	279
Ford Motors of Canada (15)..	69¼	43¼	46⅞
Ford Motors, Ltd............	21⅞	15	20⅝
General Baking*	10⅞	6¼	7
General Baking Pfd.*........	69⅛	67⅛	69¾
Glen Alden Coal (10)†.......	139	118½	125
Gulf Oil (1.5)†..............	202⅞	142⅛	184
Happiness Candy Stores......	5⅜	2	2½
Hecla Mining (0.60)	23⅞	16	17¼
Hygrade Food Products......	49⅞	34⅛	42
International Utilities B.....	22⅞	14⅛	18
Insur. Securities Inc. (1.40).	32⅞	25	28¾
Lion Oil Refining (2.25)*....	38⅞	23⅛	34⅛
Lone Star Gas (2)...........	40	32½	37⅜
Metro Chain Stores..........	89	70	70⅛
Mountain Producers (2.60)†..	22⅞	12	12¼
National Fuel Gas (1).......	41	24¾	41
New Jersey Zinc (new)......	87¾	75⅜	83⅜
Nipissing Mining (30c)*.....	3¾	2½	2¾
Pittsburgh & Lake Erie (5)..	156⅞	135⅛	150
Salt Creek Producers (3)†...	25⅞	14½	14¾
So'east Pwr. & Lt. (1)......	87⅝	27⅝	70
So'east Pwr. & Lt. (4)......	138	71½	130
Stutz Motors*	34	12	14⅜
Tobacco Products Export†...	3⅜	2	2¼
Transcontinental Air Trans..	33⅝	21½	24⅞
Trans Lux	24	5⅜	10
Tubize Artif. Silk† (10).....	550	305	384½
Tung-Sol "A" (1.80)........	49⅜	42	45
United Gas & Improv't (4½)	299⅜	155⅛	294
U. S. Gypsum (1.60)........	77⅜	56	69⅞
STANDARD OIL STOCKS			
Continental Oil	29	17¼	18
Humble Oil (1.6)†..........	126⅞	89⅝	119¾
International Pet. (.75)......	30⅜	22½	25½
Ohio Oil (2.75)	75⅜	64⅛	70
Standard Oil of Ind. (3.5)†..	63	53⅛	54⅝
Vacuum Oil (4)†............	133¾	105½	120

* Listed in the regular way.
† Admitted to unlisted trading privileges.
‡ Application made for full listing.

Ford Motor Co. of Canada

SINCE the split-up of Ford Motors of Canada shares in March, a good deal of confusion still seems to exist concerning the relation of the present shares to the old capitalization, a situation that was most pronounced when the Class B shares were first listed on the Curb and ran up from 58 to 70 in the first day of trading. Just as in that exciting session, traders sold Class B stock under the impression that they were selling the non-voting shares, they are now confused by the spread of about 25 points between the Class A stock and the Class B shares.

Formerly, the company had 70,000 shares of $100 par value outstanding, with 30,000 held in the treasury unissued. The 70,000 shares outstanding were split-up twenty-for-one represented by 19 shares of Class A and one share of Class B. This created 1,330,000 shares of Class A stock. At the same time old shareholders were given to rights to buy two additional shares of Class A stock at $30 a share, creating another 140,000 shares of this class. The Canadian public was offered 130,000 shares at the same price and 100,000 shares were allotted to employees of the company at $20 a share. These various provisions brought the total of Class A stock outstanding to 1,700,000 shares.

Henry Ford and his family control 51% of the outstanding Class B stock which has sole voting power in the affairs of the company. Except for this voting power, however, Class B stock and Class A stock are alike in every other respect and share equally in the profits and dividends of the company. The difference in price that exists at present is due to the voting privilege and the fact that the market must absorb so much greater a volume of the Class A stock. In time, the latter factor will become less important and when the shares are placed on a dividend basis both classes of stock should sell on a considerably closer price basis.

Earnings from the manufacture and sale of the new Model A Ford line is still to be determined. Earlier in the year estimates of $8 a share on Class A and B stock were made on the basis of production schedules and estimated profits per unit. The production of the company has since been cut down from 600 to 400 units a day due to the reduction of purchasing power of certain sections of the Dominion because of lower wheat prices and drought, and per share earnings estimates cut down to $4 in the light of these current conditions. This situation is momentary, however, and the normal earnings should be closer to the former figure. Although not in the investment class in the absence of an established dividend rate, the Class A shares have unusually bright prospects from the speculative standpoint at current levels.

Financial Personalities

ROBERT A. FAIRBAIRN will be elected president of the newly formed Industrial Power Corporation at the organization meeting of the board of directors this week according to an announcement made recently by Frederick H. Prince who has been prominently identified with the formation of the company. Mr. Fairbairn is a member of the executive and finance committee of the National Biscuit Company.

* * *

E. C. FAUSTMANN, who has been associated with the Royal Typewriter Company for twenty years and has held successively the offices of assistant treasurer, treasurer, and executive vice-president, has been elected president, succeeding George E. Smith who recently resigned.

* * *

B. G. SLAUGHTER has been elected president of the Tubize Artificial Silk Company, succeeding W. L. Coursen who recently resigned. Mr Slaughter has been plant manager since 1923.

* * *

ACCORDING to recent announcement, officers of the newly formed United Stores corporation will be George K. Morrow, chairman; Frederick K. Morrow, president; R. W. Jameson, executive vice-president. Eugene Stetson, vice-president of the Guaranty Trust Company, is to be a director and member of the executive committee.

* * *

GEORGE T. LEACH, vice-president of A. B. Leach & Company, Inc., is to be elected president of the Leach Corporation, a financial and investment company being organized by Chicago interests.

* * *

F. J. LISMAN has agreed to accept temporarily the presidency of Consolidated Automatic Merchandising Corporation, generally known as Camco.

* * *

GERARD SWOPE, president of General Electric Company, has been elected a director of the National City Bank. This marks the first instance in which he has associated himself in any enterprise other than that directly connected with the electric and power field.

Recent Reported Earning Position of Leading Companies

This department serves to provide a current record of earnings reported by leading companies. Each issue covers only those reports which are received during the fortnight immediately preceding. Net worth is calculated from the latest available balance sheet; and earnings thereon serve to measure the profit position of the company in relation to its stockholders' investment. The ratio of debt to net worth indicates, by a percentage figure, the extent of bondholders' claims as compared to stockholders' equity.

Industrials

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value July 29, 1929, Times Earnings	Dividend Rate
Adams-Millis Corp.	6 mos.	NR	NR	2.32	6.7(g)	2
Air Reduction Co., Inc	6 mos.	.12	ND	3.61	23.1(g)	3
Alliance Realty	6 mos.	.10	ND	4.94	12.5(g)	2½(a)
Allis-Chalmers Mfg.	6 mos.	.05	35	7.62	11.5(g)	7
American Bank Note	6 mos.	.08	ND	2.20	31.0(g)	2(a)
American Bosch Magneto	6 mos.	.04	ND	1.80	16.4(g)	—
American Brown Boveri	6 mos.	.03	24	.98(z)	15.4(g)	—
American Metal, Ltd	6 mos.	NR	NR	1.72	17.8(g)	3
American Locomotive	6 mos.	.03	NM	2.24	28.1(g)	8
American Pneumatic Service	6 mos.	.03	ND	.15	47.9(g)	—
American Stores Company	6 mos.	NR	NR	1.81	18.3(g)	2
Anchor Cap Corp	6 mos.	.04	ND	1.71	14.9(g)	2.40
Artloom Corp.	6 mos.	.02	ND	.51	21.1(g)	2
Atlantic Refining	6 mos.	NR	NR	3.06	10.9(g)	1(a)
Atlas Powder	6 mos.	.04	ND	3.54	14 3(g)	4
Atlas Tack Corp	6 mos.	.03	ND	.78	10.3(g)	—
Auburn Automobile	6 mos.	.16	14	11.28	16.8(g)	4(a)
Auto Strop Safety Razor	6 mos.	.08	ND	4.26-A	5.0(g)	3
Barnsdall Corporation	6 mos.	.08	41	1.83	10.2(g)	2(a)
Bayuk Cigars	6 mos.	.07	NM	4.09	12.3(g)	2
Beech Nut Packing	6 mos.	.11(b)	ND	3.24	12.8(bg)	3
Bendix Aviation	6 mos.	NR	NR	2.57	19.0(g)	2
Bethlehem Steel	6 mos.	.05	49	7.21	8.3(g)	4
Bohn Aluminum & Brass	6 mos.	.24	29	5.08	11.9(g)	3(a)
Bon Ami Company	6 mos.	.11	ND	3.42-A	12.0(g)	4
Borg-Warner Corporation	6 mos.	.22	NM	5.95	9.5(g)	4(a)
Bucyrus-Erie	6 mos.	.06	ND	1.55	9.8(g)	1
Budd Wheel	6 mos.	NR	NR	5.20	7.2(g)	—
Bush Terminal	6 mos.	.04	88	1.90	15.3(g)	2(a)
Butte Copper & Zinc	6 mos.	.03	ND	.16	14.5(g)	—
Butte & Superior Mining	6 mos.	NM	ND	.08	50.0(g)	2
Byers (A. M.)	9 mos.	.08	ND	3.90	25.7(g)	—
Caterpillar Tractor	6 mos.	.15	ND	3.18	12.7(g)	3
Central Alloy Steel	6 mos.	.05	6	2.29	11.4(g)	2
Checker Cab Mfg.	6 mos.	NR	NR	7.25	4.9(g)	—
Chicago Pneumatic Tool	6 mos.	.04	18	1.93	10.7(g)	—
Chicago Yellow Cab	6 mos.	.17	ND	2.99	5.0(g)	3
Chrysler Corporation	6 mos.	.12	37	4.06	8.6(g)	3
Cluett, Peabody & Co., Inc	6 mos.	.01	ND	.85	25.3(g)	5
Colorado Fuel & Iron	6 mos.	.03(b)	80	3.83(b)	8.4(bg)	—
Commercial Investment Trust	6 mos.	.07	87	5.25	17.6(g)	4(a)
Commercial Solvents	6 mos.	.20	ND	7.93	28.4(g)	8(a)
Conde Nast Publications	6 mos.	.15	7	2.38	14.5(g)	2
Congoleum-Nairn, Inc.	6 mos.	.03	5	.54	22.3(g)	—
Congress Cigar	6 mos.	.14	ND	3.64	9.6(g)	5(a)
Copeland Products, Inc	6 mos.	NR	NR	1.66-A	3.6(g)	—
Corn Products Refining	6 mos.	.06	2	2.36	20.8(g)	3(a)
Curtis Publishing Company	6 mos.	.24	ND	4.83	12.4(g)	6
Cuyamel Fruit	6 mos.	.08(b)	24	5.55(b)	8.6(g)	—
Doehler Die Casting	6 mos.	NR	NR	3.27(b)	5.5(bg)	—
Dunhill International, Inc.	6 mos.	.16	ND	2.33	10.5(g)	4(a)
Du Pont (E. I.) de Nemours	6 mos.	.09	NM(s)	3.75	24.8(g)	4(a)
Eitingon Schild Co., Inc	6 mos.	.05	ND	1.84	7.3(g)	2½
Eureka Vacuum Cleaner	6 mos.	.10	ND	2.24	11.2(g)	4
Evans Auto Loading	6 mos.	.13	ND	2.31	11.1(g)	2½(a)
Federal Motor Truck	6 mos.	.05	16	.63	11.7(g)	.80
Federated Metals Corp.	6 mos.	.07	38	2.54	5.7(g)	—
Fleischmann	6 mos.	.15	ND	1.95	23.6(g)	3(a)
Follansbee Bros.	6 mos.	.09	30	5.05	6.7(g)	2(a)
Gabriel Snubber Mfg.	6 mos.	(d)	ND	(d)	..	—
General Cable Corporation	6 mos.	.06	45	2.03	11.0(g)	—
General Cigar Co., Inc	6 mos.	.08	23	4.03	8.8(g)	4
General Electric	6 mos.	.09	1	4.26	42.4(g)	4(a)
General Foods Corporation	6 mos.	.20	ND	1.89	19.5(g)	3
General Motors Corporation	6 mos.	.17	ND	3.38	10.2(g)	3.30
General Outdoor Advertising	6 mos.	.03	2	.66	25.1(g)	2
General Railway Signal	6 mos.	.06	ND	2.69	21.4(g)	5
General Refractories	6 mos.	.06	ND	4.14	9.6(g)	3(a)
Glidden Company	8 mos.	.07	2(s)	2.54	15.3(g)	1¼(a)
Gobel (Adolf), Inc	6 mos.	(d)	25	(d)	—	—
Goodyear Tire & Rubber	6 mos.	.08	44	7.02	8.3(g)	5
Gulf States Steel	6 mos.	.04	19	3.49	9.7(g)	4
Hercules Powder	6 mos.	.05	ND	2.74	23.4(g)	—
Houdaille-Hershey	6 mos.	.23	ND	4.05-B	5.5(g)	1⅓
Houston Oil & Houston Pipe Line	6 mos.	.02	18	2.04	18.4(g)	—
Howe Sound	6 mos.	.12(c)	ND	4.07(c)	7.8(cg)	4(a)
Hudson Motor Car	6 mos.	.17	ND	6.65	6.3(g)	5
Hupp Motor Car	4 mos.	.06	ND	1.51	8.8(g)	2(a)
International Silver	6 mos.	.03	NM	4.84	13.9(g)	6(a)

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value July 29, 1929, Times Earnings	Dividend Rate
Island Creek Coal	6 mos.	.07	ND	2.33	11.1(g)	4
Kinney (G. R.) Co., Inc	6 mos.	.04	16	1.01	21.0(g)	1(a)
Kroger Grocery & Baking Co	6 mos.	.08	NM	2.35	18.5(g)	1(a)
MacAndrews & Forbes	6 mos.	.04	ND	1.35	14.0(g)	2.60
Mathieson Alkali Works	6 mos.	.06	ND	1.75	16.5(g)	2
McKeesport Tin Plate	6 mos.	NR	NR	3.61	9.6(g)	4
Melville Shoe	6 mos.	NR	NR	1.80	17.7(g)	1.40(a)
Midland Steel Products	6 mos.	.16	ND	9.44	6.1(g)	4(a)
Motor Products Corporation	6 mos.	NR	NR	8.55	7.1(g)	—
Motor Wheel	6 mos.	.16	ND	3.54	7.2(g)	2
Munsingwear, Inc.	6 mos.	.03	ND	2.36	12.3(g)	3(a)
Murphy (G. C.), Inc	6 mos.	.04(b)	13	1.78	28.8(g)	1.20
National Acme	6 mos.	.20(b)	31	2.67	7.0(g)	1½
National Cash Register	6 mos.	.10	ND	2.77-A	22.2(g)	3(a)
Newton Steel	6 mos.	.17	ND	5.50	9.1(g)	3
North American Aviation	6 mos.	.04	ND	.58	13.1(g)	—
Otis Steel	6 mos.	.11	47	2.94	8.0(g)	—
Paramount Famous Lasky	6 mos.	.06	16	2.30	14.0(g)	3
Penick & Ford, Ltd., Inc	6 mos.	.07	15	2.00	14.1(g)	—
Penn-Dixie Cement Co	12 mos.	.05	61	.06	216.6	—
Pierce-Arrow Motor Car	6 mos.	.15	23	7.59-A	2.2(g)	—
Pierce Petroleum	6 mos.	.02	3	.17½	15.0(g)	—
Procter & Gamble	Year	.22	12	2.97	33.1	—
Producers & Refiners	6 mos.	(d)	7	(d)	—	—
Pro-phy-lac-tic Brush	6 mos.	.08	ND	2.24	11.4(g)	2
Reo Motor Car	6 mos.	.05	ND	.84	12.0(g)	.80(a)
Republic Brass	6 mos.	.08	38	2.66	8.8(g)	—
Republic Iron & Steel	6 mos.	.06	30	6.42	8.4(g)	4
Rio Grande Oil	6 mos.	.08	NM	2.49	5.8(g)	2(a)
Scott Paper Company	6 mos.	NR	NR	2.29	13.8(g)	—
Seagrave Corporation	6 mos.	.05	ND	.78	9.1(g)	1.20
Servel, Inc.	6 mos.	NR	NR	.48	19.5(g)	—
Sharon Steel Hoop	6 mos.	.05	34	2.46	10.0(g)	2
Shattuck (F. G.) Company	6 mos.	.10	7	3.46	25.5(g)	2
Spang, Chalfant & Company	6 mos.	.08	37	2.18	8.3(g)	—
Spiegel, May, Stern Co., Inc	6 mos.	.05	ND	2.87	13.6(g)	3
Standard Plate Glass	6 mos.	(d)	33	(d)	—	—
Stewart-Warner	6 mos.	.15	ND	3.70	9.5(g)	3½
Studebaker Corporation	6 mos.	.08	ND	4.81	7.7(g)	5(a)
Sun Oil	6 mos.	.06	16	2.68	13.1(g)	—
Superior Steel	6 mos.	.03	36	1.58	13.3(g)	—
Texas Gulf Sulphur	6 mos.	NR	NR	2.93	12.3(g)	4
Texas Pacific Coal & Oil	6 mos.	.05	ND	1.12	7.2(g)	—
Tide Water Associated Oil	6 mos.	.03	10(s)	.56	17.1(g)	—
Timken Roller Bearing	6 mos.	.21	ND	3.51	14.0(g)	3
Transue & Williams Steel Forging	6 mos.	.09	ND	2.88	8.5(g)	1
Truax-Traer Coal	6 mos.	.05	75	.80	13.3(g)	1.60
Union Carbide & Carbon	6 mos.	.07	6(s)	1.75	32.6(g)	2.60
United Biscuit of America	6 mos.	.07	33	1.69	14.4(g)	1.60
U. S. Distributing	6 mos.	.04	31	.42	15.9(g)	—
U. S. & Foreign Securities	6 mos.	.08	ND	2.45	12.9(g)	—
U. S. Hoffman Machinery	6 mos.	.05	ND	1.88	9.3(g)	4
U. S. Industrial Alcohol	6 mos.	.05	ND	5.30	16.6(g)	6
U. S. Leather	6 mos.	(d)	ND	(d)	—	4
U. S. Pipe & Foundry	6 mos.	.02	ND	.59	25.0(g)	—
Virginia Iron, Coal & Coke	6 mos.	(d)	18	(d)	—	—
Waldorf System, Inc	6 mos.	.09	21	1.13	13.3(g)	1½
Walgreen Company	6 mos.	.10	ND	1.63	29.4(g)	—
Ward Baking Company	27 wks.	.05	14	.47-B	13.2(g)	—
Western Dairy Products	6 mos.	NR	NR	2.38-A 1.13-B	10.4-A(g) 11.6-B(g)	4 —
Westinghouse Air Brake	6 mos.	.07	ND	1.27	21.3(g)	2
Westinghouse Electric & Mfg	6 mos.	.07	16	4.92	20.1(g)	4
Westvaco Clorine Products	6 mos.	.14	63	2.52	12.7(g)	2
White Motor Company	6 mos.	.03	ND	1.76	11.2(g)	—
White Rock Mineral Springs	6 mos.	NR	NR	2.08	10.6(g)	3(a)
Worthington Pump & Machinery	6 mos.	.04	ND	4.57(z)	7.9(g)	—
Wright Aeronautical	6 mos.	.11	ND	2.25	28.2(g)	2
Wrigley (Wm.), Jr.	6 mos.	.13	NM(s)	2.89	13.0(g)	4
Yellow Truck Mfg.	6 mos.	.02	ND	.26-B(z)	70.9(g)	—
Youngstown Sheet & Tube	6 mos.	.07	54	10.12	7.5(g)	5(a)
Zonite Products	6 mos.	.05	ND	.90	19.0(g)	1

Railroads

Baltimore & Ohio	1928	.08	142	12.43	10.5	6
Bangor & Aroostook	6 mos.	.07	152	7.45	5.7(g)	3½
Chesapeake & Ohio	6 mos.	.05	93	11.43	11.1(g)	10
Chicago & Northwestern	6 mos.	.02	133	2.25	20.0(g)	4
Chicago, Rock Island & Pacific	6 mos.	.02	163	1.93	34.6(g)	7
Erie	6 mos.	.02	78	2.36	17.2(g)	—
Hocking Valley	6 mos.	.06	77	19.53	12.8(g)	10
Missouri-Kansas-Texas Lines	6 mos.	.02	76	.84	33.9(g)	—
Missouri Pacific	6 mos.	.02	166	2.16(z)	21.5(g)	—
New Orleans, Texas & Mexico	6 mos.	.02	218	3.23	21.7(g)	7
New York, New Haven & Hart.	6 mos.	.03	119	3.78	14.7(g)	4
New York, Ontario & Western	6 mos.	(d)	44	(d)	—	—
Norfolk & Western	6 mos.	.05	38	12.24	10.3(g)	8
Pere Marquette	6 mos.	.04	62	7.39	13.3(g)	6(a)
St. Louis-San Francisco	6 mos.	.03	208	3.22	18.2(g)	8
Southern Railway	6 mos.	.03	98	5.70	13.3(g)	8
Texas & Pacific	6 mos.	.02	55	5.22	15.8(g)	5

Public Utilities

Allied Power & Light	12 mos.	.05	ND	2.15	45.8	—
Brooklyn-Manhattan Transit	Year	.08	162	6.52	9.1	4
Hudson & Manhattan	6 mos.	.02	147	2.44	9.2(g)	2½
Lone Star Gas	5 mos.	NR	NR	.92	17.0(g)	—
Twin City Rapid Transit	6 mos.	.03	84	2.64	7.6(g)	4

(a) And extra. (b) Before taxes. (c) Before depletion. (d) Deficit. (g) Figured on basis of estimated yearly earnings as indicated by period reported. (s) Including obligations of subsidiaries. (z) Not allowing for accumulated dividends on preferred stock. ND—No funded debt. NM—Negligible. NR—Unavailable.

Over-the-Counter

IMPORTANT ISSUES

Quotations as of Recent Date

	Bid	Asked
Aeolian Co., pfd. (7)	..	65
Aeolian Weber	..	20
Aeolian Weber, pfd. (7)	..	45
Alpha Port. Cement (3)	44	46
Pfd. (7)	116	..
American Book Co. (7)	98	100
American Cigar (8)	125	135
Pfd. (6)	109	..
Amer. Dist. Teleg. (3)	90	94
Do Pfd. (7)	109½	112
Amer. Meter Co. (5)	115	117
Atlas Port. Cement (2P)	47	49
Babcock & Wilcox (7)	124	128
Bliss (E. W.) Co., 1st Pfd. (4)	58	62
Cl. B Pfd. (0.60)	10	..
Bohack (H. C.) Co. New (2½)	74	79
1st Pfd. (7)	98	103
Colt Fire Arms (2)	30	32
Congoleum Co. Pfd. (4)	104	..
Crocker-Wheeler Elec.	340	370
Pfd. (7)	132	..
Detroit & Canada Tunnel	5¾	6½
Dixon (Jos.) Crucible (8)	166	171
Fajardo Sugar	88	92
Franklin Rwy. Sup. (4)	65	..
Knox Hat (5P)	130	140
Manhattan Rubber (3)	50	60
New Pfd. (7)	112	116
National Sugar Ref. (2)	41½	43
Neisner Bros. Pfd. (7)	200	204
New Eng. Tel. & Tel. (8)	162	165
Remington Arms	40	44
1st Pfd. (7)	94	98
Ruberoid Co. (4)	75	80
Savannah Sugar (8)	114	118
Pfd. (7)	107	112
Shaffer Oil & Ref. Pfd. (7)	92	..
Singer Mfg. Co. (10P)	535	555
Superheater Co. (6P)	182½	..
Wash. Ry. & Elec. (5)	700	750
Pfd. (5)	94	99
White Rock 2nd Pfd. (10)	200	230
1st Pfd. (7)	99	103
Woodward Iron (4)	..	58
Pfd. (6)	90	..

The Business Girl Goes in for Savings and Investment

(Continued from page 685)

tion Common Stock,
2 shares of Standard Gas & Electric 8% Preferred Stock,
1—$100, 6% Bond,
Savings Account—$150,
8 payments of $28.80 each on a $1,000 twenty-year paid up life insurance policy,
A loan of $300 at 7%,
$191 paid on premium of income policy mentioned below.

I have recently taken out an income policy with a life insurance company, payable in 30 years, of either an income of $75 per month or $10,575 plus dividends at 5½%, which premium for the first year is $291. This policy also has a very good disability clause, and being entirely dependent on myself, believe it will be a wise investment. The dividends will be deducted each year until the premiums are reduced considerably, thus allowing me to invest a portion of my savings when opportunity presents itself.

I have always kept a budget, and hope, without considerable unforeseen adversity, to have $10,000 worth of savings by the end of five more years. This is the goal I have planned to achieve, and as I am a firm believer in stick-to-it-tive-ness and "All in the state of Mind," expect to accomplish same.

All my dividends are saved and reinvested. Most of my holdings have been purchased on the twenty-month instalment plan, with the idea of anticipating payments. The carrying charge of 1½% is considerably less than dividends accruing through this period.

Before turning to the accompanying budget, let me say, that I take a two weeks' vacation trip religiously each year. In my mind, the clothes question is one of the most difficult things for a woman to master, and fastidiousness must be exercised in choosing a wardrobe so one can always be well attired. I have learned that by purchasing good quality shoes and clothing, as well as practical things.

For Features to Appear in Next Issue, See Page 653.

Statistical Record of Business

	Week Ended July 27, 1929	Week Ended Aug. 3, 1929	Year Ago
Volume Stock Exchange Transactions (shares)	19,637,450	18,050,850	10,894,870
Average Price Magazine of Wall Street Index	165.4	168.2	128.2
Volume Bond Transactions	$71,479,600	$67,851,700	$40,066,850
Average Price 40 Bonds	86.65-86.41	86.63-86.30	89.75-89.61
Brokers' Loans (Federal Reserve)	†$5,908,000,000	‡$5,960,000,000	$4,259,000,000
Comm'l Loans Federal Reserve Member Banks	$9,248,000,000	$9,287,000,000	$8,966,032,000
Federal Reserve Ratio	74.7	74.4	68.6
Gold Holdings	$3,125,743,000	$3,109,419,000	$2,755,565,000
Rediscount Rate, N. Y.	5%	5%	5%
Debits to Individual Accounts	†$17,008,000,000	‡$17,117,000,000	$13,745,000,000
Call Money	9%	10%	6%
Time Money (90 days)	8¼%	8¾%	6%
Commercial Paper	6%	6%	5¼%
Acceptances (90 days)	5¼-5⅛%	5¼-5⅛%	4¾-4⅝%
Dun's Business Failures	400	409	424
Weekly Food Index (Bradst's)	$3.36	$3.37	$3.38
	July 1	Aug. 1	
Wholesale Prices (Bradst's)	$12.49	$12.63	$13.19

Industrial Barometers

	May	June	Yr. Ago
U. S. Steel Unfilled Tonnage	4,304,167	4,256,910	3,637,009
Steel Ingot Production	5,273,167	4,881,370	3,742,964
Pig Iron Production	3,898,082	3,715,583	3,082,340
Pig Iron Furnaces in Blast	219	220	189
*Copper Production (short tons)	108,961	....	67,423
Car loadings	4,205,709	5,260,571	4,924,115
Automobile Production	603,968	566,744	357,087
Building Permits (Bradstreet's)	$190,849,600	$151,540,000	$246,740,100
Petroleum Production (bbls.)	82,499,850	....	73,476,300
Bituminous Coal Production (net tons)	40,172,000	....	36,624,000
Cotton Consumption (bales)	668,229	570,281	510,399
Spindles active	30,910,282	30,628,122	28,627,556
Wool Consumption (lbs.)	43,192,494	51,477,103	49,122,328
Railroad Earnings	$103,616,046	....	$88,221,666
% on Railroad Property invested	5.81	....	5.02

Foreign Trade

	May	June	Yr. Ago
Merchandise Exports	$387,000,000	$397,000,000	$390,000,000
Merchandise Imports	$401,000,000	$352,000,000	$317,000,000
Gold Exports	$467,000	$550,000	$99,993,000
Gold Imports	$24,097,000	$30,762,000	$20,001,000

Distributive Trades

	April	May	Year Ago
Mail Order Sales index number—1923-5—100%	129	142	113
Chain Stores Sales Index number 1923-5—100%	184	178	156
Dept. Stores Sales index number 1923-5—100%	105	107	103

* U. S. Mines. † July 31. ‡ July 24.

Are We Getting the Fruit or the Tree in Foreign Investments?

(*Continued from page 667*)

pledged for former loans. In many cases the improvement in asset value has been already followed with additional loans. In such cases the scrutiny of the conditions of the borrower must be a most searching one.

Competing with Foreign Investors

The old method of a rather superficial examinatior will not suffice, it would be ruinous. The growing competition with European capital exporting countries is certain to play a very important role in all future financings. This became evident as far back as in 1927 when English, French, Danish, Swedish and Swiss bankers were able to effect loans to Germany on a much more favorable basis than she could have obtained in this country.

We will do well, perhaps, to restrict future loans to countries or industries actually lacking the sufficient flow of money or capital which is necessary for the purposeful use of its productive facilities. In other words we must replace the old piecemeal system in our foreign investments policy with a policy based upon a satisfactory standard of safety and soundness where the relation of the borrowing industry to our corresponding industry would command first consideration. In so doing, we will not only eliminate the "un" from unlimited foreign lending as practiced heretofore, but we will be forced to coordinate carefully in making foreign investments. A purposeful and reasonable handling of such financing arrangements can only result in elimination of uncertainty and the promotion of good-will, while exploitation of the borrower with unduly high interests rates breeds resentment and in the end the loss to promote our interest.

This point must be especially observed since one of the strongest obstacles to overcome is the growing European nationalism. While our market is free and open to all and everyone to buy or sell as much as he can pay for or has to sell, European countries are placing obstacles in the way of American investors. Lucien Romier, the French economist mentioned in the beginning of this article expresses his opinion quite sharply—the tree remains in Europe in harmony with the very conservative and individualistic character of the foreigner's business psychology, which forms a compact obstacle against alienation. European countries are anxious to avoid control of their industries passing beyond their frontiers.

Is American Direction Wanted?

There are many cases where precautions have been taken again against alien infiltration or control. Evidently Europe will not consent willingly to the participation of Americans in the management of continental corporated enterprises if based upon stock ownership. Fortunately there are today a number of trade agreements in existence between American and English and German corporations which include interlocking directorates. Though the American directors in these European corporations have no direct influence upon the management presently there is no reason why in the future the development should not be in this direction. A large loan to be obtained in this market might make it imperative.

After all a resumption of our financing in Europe depends first of all upon interest rates. Money will always find its way to the highest bidder. The gradual improvement in Europe will bring down interest rates in time and capital exporting countries in Europe will offer more competition to us in the future, so that the borrower will take the initiative.

Thus, while profitable opportunities for investment are now available in Europe and will continue to be offered to American capital in the future, it is as essential as ever for the individual investor to exercise great caution in making such commitments. The industrial rehabilitation of Europe is a most logical expectancy; one already well on the way. It will strengthen the position of foreign securities placed on a strictly investment basis as well as provide handsome profits to the stockholder-owners of the most successful foreign enterprises, whether these shareholders are of American or of foreign citizenship. The facts brought out in this discussion merely emphasize the obstacles that stand in the way of the inexperienced American investors who seeks to take advantage of such opportunities on his own account.

Perhaps it would be well for the American investor to take his cue from the foreign investment practices of older countries long engaged in this fascinating role of international banker. Small investors in these nations group their capital and place it in the hands of experienced investment management when they place it abroad. Our rapidly growing investment trusts can serve this same purpose for the American investor. As a matter of fact a number of these trusts have already made profitable ventures in the realm of foreign investment and are ably equipped to expand further their interest in the international security markets. Many of our large domestic corporations are extending their interests abroad, thereby offering the American investor an opportunity to share in profits earned in foreign lands and under circumstances that holds the element of investment risk to a bare minimum.

Trade Tendencies

(*Continued from page 692*)

ened because of consumers' adoption of hand-to-mouth buying tactics, prospective demand is eminently satisfactory. At any rate, mill backlogs, while materially reduced from the high proportions of May, are still large enough to carry mills from two to six weeks at present rate of production. Assertions of over-production heard from several writers do not seem justified by a review of the situation and are certainly not verified by prices, which are gratifyingly firm with exception of slight weakness in quotations for a few keenly competitive finished products. The decrease in requirements from the automobile industry has so far been less than anticipated and output is expected to hold steady on a more rational production basis. Orders from railroads and railroad equipment manufacturers are still unusually heavy; steel needs of manufacturers of farm equipment should be large during the next three months considering recent favorable agricultural developments; and extensive activities in oil equipment, structural work and subway construction are reported.

Barring checking influences of exceptionally hot weather, there are few indications of further recession in the near term and the advent of the Fall revival of industrial activity is expected to furnish additional stimulus to the industry.

RAILROAD EQUIPMENT

Large Gains in Earnings

Reflecting the extensive agricultural and industrial movements of the past year with the inevitable strain and wear on railroad rolling stock and the accompanying need of replacements, manufacturers of railroad equipment are going through the heaviest period of activity in recent years.

Although passenger traffic has suffered from growing competition of passenger busses with lower rates and

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is a well managed investment trust offering a participation in the profits of a safely diversified list of Canadian mining, oil, financial, industrial and public utility companies. Send for details. (546).

GENERAL BAKING CORPORATION
The profits of the large baking corporations, in the majority of cases, were distinctly higher during the first quarter of the current year than during the corresponding period of last year. An analysis of the General Baking Corporation, with particular reference to the preferred and common stocks, has been prepared by Peter P. McDermott & Co., and a copy will be forwarded upon request. (557).

AMERICAN EUROPEAN SECURITIES CO.
A comprehensive circular on this important investment trust showing the public utility, industrial, miscellaneous common and preferred stocks involved, together with the latest financial statement of the Company, will be sent upon request. (558).

THE PARKER PEN COMPANY
The common stock of this Wisconsin corporation, one of the largest manufacturers of fountain pens and mechanical pencils in the world, is offered and recommended by A. G. Becker & Co., a prominent investment house. Send for complimentary copy of 4-page folder describing this attractive investment. (559).

EIGHT RAILROAD EQUIPMENT COMPANIES
are analyzed and their securities commented upon in folders prepared by the New York Stock Exchange firm of Dunscombe & Co. Complimentary copies will be forwarded upon request. (560).

"THE SEAL THAT CERTIFIES SAFETY"
is the title of an attractive booklet giving important information regarding the securities upon which the seal of the General Surety Company is placed. It will be sent gratis upon request. (561).

EISLER ELECTRIC CORPORATION
The financial position of this outstanding manufacturer of essential equipment and parts for radio tubes, television, Neon light and talking motion picture industries is shown in descriptive folder. (562).

airplanes with greater speed, freight traffic gained 5.8% in the first four months this year compared with the corresponding period in 1928 and the gains for May and June this year are estimated to be even higher. Even taking into consideration possible recessions in the latter part of the year, freight traffic is expected to be from 6% to 7% higher than in 1928. Present equipment owned or leased by railroads is inadequate to cope properly with traffic increases. It is noted that the tractive power of all locomotives on Class I railroads have declined since 1926. In 1928 the aggregate tractive power was virtually smaller than for any year since 1911. Freight cars have decreased in number since the war and since 1925 have not gained in aggregate capacity. Thus, since available equipment has been forced into constant and strenuous service, much of it is deteriorating beyond the point where services of repair departments are of much benefit and rapid replacements are becoming necessary.

As a result of this condition, a flood of orders has deluged equipment companies which had, heretofore, been none too busy. During the first five months this year 521 locomotives and 59,120 freight cars have been reported ordered compared with 352 locomotives and 47,080 freight cars reported ordered during the entire year of 1928. While orders have decreased during the past month, they are still well ahead of last year and are expected to continue comparatively heavy in the near term.

With increasing demand for equipment and with continuing gains in railroad earnings—for railroads, like human beings, are more disposed to spend generously when they are earning more—the outlook for equipment manufacturers is more favorable than it has been for some time and earnings for the year already give evidence of reflecting the activity in substantial manner.

PETROLEUM

Production Overbalances Demand

Since the middle of May production of crude oil has been registering weekly gains until the present output has reached the staggering total of 2.91 million bbls. per week. All efforts toward curtailment have been abortive thus far and no recession is in prospect until the laws for the conservation of natural gas in California—which has been the leader in production increases—become effective in October. Even then any appreciable decrease in output is questionable unless the producers themselves concertedly achieve it; for, apart from the constitutional aspect of these laws and the practicability of enforcing them, excess gas coming from the wells could be forced back into oil bearing sands, increasing pressure and making the actual flow of oil larger. To aggravate present high production, new fields, notably in Texas, have been discovered and are being exploited.

Heavy output, however, is offset to a large extent by record consumption so far this year.

In the meantime, the larger oil companies, profiting by excessively heavy operations in producing, refining and marketing fields, have shown appreciable earnings gains for the first half year and at present it seems likely that high activity will continue through most of the third quarter, at least, with the same gratifying returns, barring any disastrous price drop.

Market Opportunities Among Cigarette Manufacturers

(*Continued from page 679*)

be preferred, since all earnings apply directly to the common stock. American must pay a small amount of bond interest and large preferred dividends before the common stock comes in for its share. Liggett & Myers common stock stands junior to a sizable funded debt and preferred stock issue. The effect of bonds and preferred stocks is not particularly undesirable in such companies, however, since earnings are very stable and, once the charges ahead of the common are taken care of, the per share earnings mount more rapidly than in the case of a company which has only one class of stock outstanding.

Lorillard Aims At Comeback

The position of P. Lorillard Company and its attempt to popularize its new low-priced, blended cigarette, the Old Gold, has already been mentioned. Despite competitive difficulties the company is undoubtedly making excellent progress in sales. Introduced in 1926, Old Gold sales in 1928 were estimated unofficially at nearly 10,000,000,000 cigarettes, or almost 10% of the country's total output. And production to date in 1929 has been running roughly 50% ahead of the corresponding period of last year. As yet, the tremendous advertising costs have prevented the company from carrying any of the gains in sales into net earnings. Earnings dropped from $1.25 a share for 1927 to 75 cents a share for last year. An accurate estimate of what the company will do this year is impossible at this stage of the game, as so much depends on the developments in the Old Gold campaign in the last half of the year.

The Lorillard Company's treasury position is not nearly so strong as that of its three larger competitors. And in comparison with present earnings, the funded debt and preferred stock issue appear to be pretty large. The preferred dividend was not covered last year by any too generous a margin. This condition may, however, be only temporary. If the campaign to popularize Old Gold is successful and the cigarette sells in increasing quantities, Lorillard common will not long sell around 23. Just how large a volume of sales will be necessary to offset the high advertising costs is problematical. But once that point is reached, per share earnings on Lorillard common could increase sharply. As a speculation with possibilities of substantial price appreciation if the company's campaign is successful, Lorillard common has attractions. Any purchaser should keep a keen eye on the company's Old Gold campaign.

Lorillard Offers Rights

P. Lorillard Company announced on July 30th that it would offer rights to common stockholders of record September 6th to subscribe to additional common stock at $20 a share in the ratio of one new share for every 2½ shares then held. There were outstanding at the end of last year approximately 1,361,745 common shares, of $25 par, plus some fractional shares, so that total number of shares offered under the plan is 546,085 and proceeds from their sale will amount to $10,921,700. Offering is being underwritten by the Guaranty Company. Based on 23½, the last price at which Lorillard common sold prior to announcement of the financing plan, rights are $1.

Stockholders have been asked, at a special meeting to be held September 6th, to authorize a reduction in par value of the common shares from $25 to no-par, since the additional shares are being offered at less than the present par. At the same meeting they will vote on proposed increase in number of authorized shares from 2,000,000 to 5,000,000 and on authorization of sale of 150,000 common shares to employees at $20 a share.

The offering indicates that company's working capital needs are expanding as its volume of business increases. Since Lorillard's funded debt was already in excess of $35,000,000 and its preferred stock outstanding more than $11,000,000, the offering of additional common was the logical method to raise funds. Effect of the financing will be to strengthen the treasury position without increasing company's fixed charges or preferred dividend requirements, while earnings after preferred dividends in the future will have to be spread over 40% more

Building and Loan Associations

We will be glad to answer questions regarding Building & Loan Associations, provided that the information available on the association under consideration is sufficiently complete to warrant an opinion. Address, Building & Loan Ass'n Department, c/o The Magazine of Wall Street, 42 Broadway New York City.

Florida

8% and safety

This Company has the proud record of not having lost a dollar. It has always paid 8 per cent dividends, payable 2 per cent quarterly; does not employ solicitors nor charge a membership or withdrawal fee. All shares are non-assessable, sold and redeemed at par, plus declared dividends. Note our steady growth:

April 5, 1921, $0.00
March 31, 1922, $147,608.20
March 31, 1923, $272,463.58
March 31, 1924, $500,130.44
March 31, 1925, $750,097.74
March 31, 1926, $1,208,168.28
March 31, 1927, $1,557,991.60
March 31, 1928, $2,116,982.70
March 31, 1929, $2,735,050.05
Jun. 30, 1929, $2,904,521.54

FIRST MORTGAGE LOANS ON JACKSONVILLE HOMES ONLY

ALL LOANS FULLY COVERED BY WINDSTORM INSURANCE

Home Building & Loan Company

Authorized Capital $5,000,000.00
E. M. MILLER, *Sec'y-Treas.*
16-18 Laura St., Jacksonville, Florida

Texas

7% CONTINENTAL SOUTHLAND INVESTMENT CERTIFICATES

Dividends payable January and July

Issued upon payment of $500 and up in multiples of $100.—Dividends payable in cash or may accumulate and compound semi-annually.

Established 1916. Dividends distributed to shareholders, more than $4,000,000.

Write for full information and financial statement.

CONTINENTAL SOUTHLAND SAVINGS & LOAN ASSOCIATIONS

G. A. McGregor, V. Pres. & Secy.
Assets more than $10,000,000
1305-7 Main St. Dallas, Texas

8% ON-TAXABLE INVESTMENTS

Full paid shares issued in multiples of 100 dollars dividends payable quarterly in cash. No fees. Dividends paid to date of cancellation after 90 days from date of issuance under State supervision. Write for particulars.

Texas Plains Bldg. & Loan Association
107 West Sixth St., Amarillo, Texas

Florida

INCREASE YOUR INCOME 33 1/3%
on Your Re-Investments

8% DIVIDENDS on our Full Paid Shares are payable 2% quarterly. Compared with 6% securities, this assures you an increase of 33 1/3% in your income, with the utmost assurance of safety and security.

CONSERVATIVE management, State supervision and complete income tax exemption features.

Prompt attention to mail inquiries

FORT PIERCE BUILDING & LOAN ASSOCIATION
FORT PIERCE FLORIDA
P. O. Box 1318-U

Texas

INVESTIGATE OUR 7% Full Paid Certificates

Cash dividends every three months — no fees.

GUARDIAN
SAVINGS-LOAN ASS'N.
Dallas, Texas

7% With Safety

Our Full Paid Certificates, secured by First Mortgage Notes on improved real estate, pay 7% per annum—dividends payable July 1st and January 1st.

Installment and Prepaid Certificates are participating and now earning 8%. State supervision insures the safety of your investment.

Located at El Paso, Texas, where real estate values are not inflated.

Send for descriptive literature.

People's Bldg. & Loan Ass'n
Resources Over $2,250,000
108 Texas Street, El Paso, Texas

Texas

Outstanding features of NTBLA Certificates for investment purposes are:

SAFETY
1—Supervision of the State of Texas.
2—Lending of NTBLA Funds limited to 60% and generally 50% of the value of residential realty securing the loan.
3—Full fire and tornado insurance required.
4—Stringent title examination.
5—Monthly amortization of all loans.

AVAILABILITY
Ready withdrawal of funds by investors on 30 days' notice. The Association has never availed itself of this right and funds have invariably been withdrawable at once when needed, without charge or deduction.

HIGH EARNINGS
7% earnings payable or compounded semi-annually. Full provisions for large and small investors and savers.

"PROFIT WITH PRUDENCE," a highly informative booklet for investors, sent free on request for booklet M-33.

NORTH TEXAS BUILDING & LOAN ASSOCIATION
Wichita Falls, Texas

We DO pay Hundreds of Investors 7% with absolute SAFETY 8%

Money financing the rapid development of the great Southwest pays liberal returns. Secured by 1st Mortgages under strict State Supervision.

Write Today for Booklet

EQUITABLE
BUILDING & LOAN ASSN.
Authorized Capital $10,000,000.
-803 LAMAR ST- -FORT WORTH- TEXAS-

8% ← We Pay → 8%

cash dividends, payable quarterly on Fully Paid Shares.

San Angelo Bldg. & Loan Assn.
(Under State Supervision)
20 West Twohig San Angelo, Texas

units of common stock due to the increased number outstanding. The fact that the company's bankers felt justified in making a common stock offering is, in a measure, indicative of their confidence in the company's prospects since necessarily they must take up a substantial amount of the offered stock by exercise of rights accruing on their holdings.

A prediction of what each of the four cigarette companies discussed in this article may do in the coming years could be based only on a pre-determination of the fickleness of the smoking public's choices. Advertising has a great molding power, and perhaps the most successful company will be the one which best uses its advertising appropriations. In any case, the constantly increasing demand for cigarettes and the concentration by the big companies upon single brands seem likely to maintain the positions of Reynolds, American Tobacco and Liggett & Myers. Lorillard holds a less certain position but one which will bear watching as the Old Gold campaign progresses.

How the Investment Banker Protects Your Money

(Continued from page 688)

ganization, all of the foregoing may meet with approval, but it cannot be considered complete until some thought is given to what is being done to meet competition. It means more than market research, it includes the readjustment as conditions demand to the ever changing inclinations of the public. Excessive productive capacity is frequently ruinous. It results in excessive overhead. Planning is necessary with the support of adequate cost systems. After a positive reaction is obtained for all the above, and the total of these costs, plus a legitimate profit, is not available, it cannot be considered a satisfactory banking proposition.

Studying the Sales Organization

The sales organization must be given consideration. If the type of representative is not right, the sales efforts cannot be satisfactory. If the organization has a satisfactory sales group, and we will assume for the moment that it has, then the following can be answered and determined without much effort. What territory is being covered, how is it divided, what results are expected from each territory, what record is kept of the customers and the sales force, what are the incentives, what is being done to co-operate with those in the field, how do the sales promotion and advertising departments co-ordinate their efforts? Very frequently much can be learned from those out in the field and the experienced investigator will consider them.

It can readily be seen from the above that the banker today is thinking in terms of more than his immediate profit. Business is moving very rapidly. Organizations producing a necessity today may be without a product tomorrow. In a single year many changes take place. The producer needs the guidance and assistance of the banker today, and the banker must have the confidence and the cooperation of the public. The banker is aware of this situation, and is not today the individualistic, arbitrary despot of a decade ago.

Insurance Department

(Continued from page 689)

Do the life insurance companies have different rates for different occupations? I noticed in the April 6th issue of THE MAGAZINE OF WALL STREET *that a* $10,000 *policy on the 20-payment plan taken out at age of* 30 *costs approximately* $248 *annually. My present policy of* $1500 *costs* $44.01 *annually and was taken out at age of* 20.

I would also like to know what method of payment you would recommend should be made to my wife in case of my death.

—A. W. D.

I would say that you are quite right in seeking to take out additional life insurance, since, in view of the fact that you are a married man, you are now considerably underinsured. You of course realize that in event of the death of the breadwinner the proceeds of a $1,500 policy would probably be absorbed in meeting the expenses of his last illness, and other family expenses incident to readjustment.

We would suggest that you consider taking additional life insurance on the 30-Payment plan, under which premiums would cease in your 61st year (assuming you were fortunate in living on to the older years) and the cost for the insurance would only run over the span of life when your income would normally be rising to its peak. A policy for $5,000 on the 30-payment plan at age 31 would only require an annual premium of about $102, non-participating basis. If you can make the amount $10,000, all the better; remembering that a married man should take life insurance not only till it pinches, but till it "hurts." In this connection we would add that if you favor the Metropolitan Life Insurance Company for your insurance, you should insist upon receiving their "*Special $5,000 Ordinary Life policy,*" because the premium rates and conditions are more favorable than their other contracts.

A good basis for saving and protection is to divert about 1/10 of the annual income towards payment of life insurance premium; and about 1/10 towards the purchase of conservative securities, or in savings bank, building and loan associations, or other good channels.

Policy plans and applications vary in the different companies issuing same. Some include a clause, or provisions, pertaining to aviation hazards, some do not. If you contemplate entering the aviation industry and are applying for more life insurance, you should state your aviation intention frankly when seeking the additional life insurance coverage. You do not state your present occupation; but if you are in an industry entirely free from aviation hazard, and have been in such occupation many years, the chances of your changing appear to us relatively slight. There are many position in the aviation industry where no additional hazard is incurred; but in general extra premiums are necessary, and if you should take a position where there is a likelihood of your having to make many flights, any insurance company would insist upon a special clause in your policy and an extra premium to cover the hazard.

Yes, companies do have different rates for different occupations, but the extra premiums relate only to hazardous occupations, and 9/10 of the occupations are free from any abnormal hazard.

If you take a policy for $5,000 or $10,000 in favor of your wife as beneficiary, we would suggest that the proceeds be paid to her in instalments over a period of five or ten years, in quarterly or monthly income. The $1,500 policy you now hold could with advantage be left payable in a lump sum as a "clean up" fund in case of the insured's untimely death.

The difference in premium rates to which you refer between your own 20-Payment Life policy and one referred to in our April 6th issue is due to the fact that our rate was a *non-participating* one, while your own policy is on a participating basis, with premiums reducible by annual dividends.

Insurance Editor:

Your interesting insurance problems are read eagerly in each issue and I now have a problem in which I am vitally interested.

An agent from the ——— Life Insurance Co. has offered me a $10,000 30-*Year Endowment Policy with the following returns at age* 60. *(The dividends are estimated on the* 1929 *scale.)*

1*st—Should I make the yearly payment for* 30 *years, his company will return to me in cash* $10,000. *The dividends left on deposit would amount to* $10,890 *and a maturity dividend would also be paid for* $1,500—*making a total cash payment of* $22,390.

2*nd—In case I should have a family at age* 60 *and desire to leave an estate, his*

(Please turn to page 726)

Building and Loan Associations

We will be glad to answer questions regarding Building & Loan Associations, provided that the information available on the association under consideration is sufficiently complete to warrant an opinion. Address, Building & Loan Ass'n Department, c/o The Magazine of Wall Street, 42 Broadway. New York City.

Alabama

Texas

To Building and Loan Investors:—

We are endeavoring to give our subscribers and readers more explicit information on their B. & L. holdings. Therefore, we will be pleased to give you an opinion on any individual Association located in the United States, provided we have available data on which to base an opinion. Address Building & Loan Association Dept., The Magazine of Wall Street, 42 Broadway, N. Y. C.

Ohio

Texas

Colorado

Kentucky

New York

KEEP POSTED

The books, booklets, circulars and special letters listed below have been prepared with the utmost care by business houses of the highest standard. They will be sent free on request, direct from the issuing houses.

PLEASE ASK FOR THEM IN NUMERICAL ORDER

We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

FREE FOLDER

explains the advantages of guaranteed income Time Certificates issued by progressive building and loan association. Affords highest type of safety and definite 6½% earnings for five-year term. Issued for $100 to $10,000—bond form with quarterly or semi-annual interest coupons. Non-fluctuating — transferable — renewable and tax exempt. (526).

ATTRACTIVE INVESTMENTS

Arthur Atkins & Co. have prepared a descriptive folder calling attention to four Investment Trust and four Public Utility issues which they consider attractive and outstanding. (527).

THE INVESTMENT TRUST

Its origin and development — its function and operation—its benefit to the investor—are all graphically explained in this booklet issued by Samuel Ungerleider & Co., a prominent investment house. (528).

AVIATION SECURITIES

This little 4-page folder will give you at all times the current bid and asked price of any aeronautical security. Issued by W. S. Aagaard & Co., who will be pleased to place you on their mailing list. (530).

BONDS AND HOW TO BUY THEM

"Bonds and Stocks," "Classes of Bonds," "Factors of Bond Values," "How Bonds Differ and How to Select Them." These and other subjects of interest to the prospective purchaser of bonds are discussed in our booklet, "Bonds and How to Buy Them." Copy on request. (509).

(Continued from page 724)

company will make the following offer.

A guaranteed sum of $3,300—the dividends left on deposit amounting to $10,890 and the maturity dividend for $1,500, making a total cash return of $15,690 and the company would also give me a policy payable at my death for $10,000.

This looks like a wonderful way for a young married man to save money and accumulate an estate for old age and I surely would appreciate your advice as to whether this company is capable of living up to the terms in this policy. *J. H. W.*

The company you name has had an unusually successful experience in investing money during the last 20 years. They have invested largely in common stocks which have proved particularly profitable. The result has been excellent returns to policyholders, and the earning of a high interest rate, far above the average in life insurance companies.

The future 30 years, during the period your Endowment policy will be in force, may or may not produce equally good results. The figures by the agent (estimates of course) are based upon the unusually large dividend payments now being made by the company. No one can definitely foretell what these dividends may be for the next 10 years, let alone 30. The company will not *guarantee* these dividends, and the payment of them will depend very largely on economic conditions combined with the intelligence shown in the management of the company in the next 20 or 30 years. If we were taking a policy of that type, indicated by you, we would not build definite expectations on those dividends being maintained for a long period like 30 years in the future.

On the other hand, the company has been well and ably managed; and we have every reason to believe it will continue to be well managed. Their policyholders get fair and equitable treatment,—as they do in practically all the well managed life insurance companies.

There is of course always a possibility that common stocks in the next 20 years might be less profitable than bond and mortgage investments. This is a matter that only the future can disclose.

Important Corporation Meetings

Company	Specification	Date of Meeting
Anglo-American Corp	Special	9-20
Coty, Inc.	Special	9-16
Freeport Texas Co	Special	9-12
General Mills, Inc.	Annual	9-13
Great Northern Ry. Co	Annual	10-10
Independence Fire Ins. Co	Special	10-18
Insull Utility Investments	Special	9-14
Pacific Mutual Life Ins. Co	Special	9-12
Patino Mines & Enterprises	Special	10-15
Peerless Motor Corp	Special	9-27
Port Morris Bank (N. Y.)	Special	9-15
Watkins-Cottrell	Annual	9-13
Youngstown Sheet & Tube Co	Special	9-19

Intimate Talks With Readers

OVERLOOKED BARGAINS

ONE of the strangest fictions ever promulgated by Wall Street apologists is the contention that market prices infallibly discount the future: that the collective judgment of all who buy and sell is endowed with an omniscience not possessed by the individual investor. A moment's reflection will show that a stock can have only one true value at a given time; and that investment values, which depend upon future dividends and interest rates, could not possibly fluctuate so erratically as do actual market prices. If a stock is worth 100 today, it cannot be worth 200 a year from now: still less could it be worth 105 tomorrow and 95 next week. Yet even greater inconsistencies in market movements are matters of common observation. In point of fact, *it is only in exceptional instances that a stock happens to sell for its real value: usually it is either overpriced or underpriced.*

The whole theory of modern investment technique is founded upon the search for securities which are now underpriced; but destined to sell later for at least what they are worth. At first thought it seems incredible that bargains of any consequence could exist in a free open market whose wares are accorded the maximum of advertising, and upon which the earnest attention of investors throughout the civilized world is continually fixed. Yet there never has been a time, and probably never will be, when the market was bare of stocks that were not only moderately but greatly, undervalued.

If an investor had the gift of looking ahead an infinite distance into the future and knowing the exact dates and amounts of every disbursement on a stock, together with all changes in the rental value of money, it would involve nothing more than a tedious calculation in compound interest to determine the price at which a stock should sell in order to yield any desired return upon the investment. To such a person, a stock's investment (i. e., intrinsic) value would be the present worth of all future disbursements, at varying rates for money, from now until the end of time. Such would be the method of appraisal employed by the average investor whose sole interest in a stock is simply the rate of return upon his principal; provided there be included in the return, not only dividends but, appreciation in market price.

At first thought it seems rather visionary to predicate values upon the unknowable future; yet this is just what the stock market is continually striving to do. In place of perfect knowledge of coming developments, however, people substitute estimates based upon current projects and past achievements. There is indeed a marked tendency for the market to value stocks on the simple assumption that past performances will be reduplicated interminably in the future. If earnings and dividends have been irregular for a number of years in the past, the market tends to value a stock on the assumption that a like irregularity will continue in the future; if dividends have been at a uniform rate in the past, it is presumed that they will continue to be paid at the same rate indefinitely; and if earnings have been increasing steadily for several years, the market tends to value the stock on the supposition that earnings will continue to increase at the same rate forever.

The foregoing is a fair presentation of the income theory of values. The speculative theory is more difficult to rationalize, and still harder to defend. It is founded upon market prices, instead of dividends and money rates; and exemplifies the line of so-called reasoning followed by traders, rather than investors. A typical specimen of the argument would be: "They say Steel will sell at 200 in six weeks; it is cheap now at 175." Obviously, if you *know* Steel will sell at 200 in six weeks, it is worth at least 197 now; for a six weeks' profit of $3.00 (disregarding charges and dividends) would be at the rate of over 12% per annum on your investment.

The speculative theory of values is predicated upon a knowledge of future market prices. Let us pursue this method to the bitter end, and see where it leads us. Imagine some trader to be possessed of the gift to chart a stock's price fluctuations accurately for an indefinite period ahead. He could start trading in ten-share lots and soon amass a fabulous fortune, by pyramiding on the profits. This leads to a philosophical riddle which no one has yet been wise enough to solve. "When the time comes that our foresighted trader begins to swing a big enough block of stock to greatly influence its market price, will his visions come true or prove false?"

Financial Notices

Dividends and Interest

The North American Company

QUARTERLY DIVIDENDS

No. 102 on Common Stock of 2½% in Common Stock (at the rate of 1/40th of one share for each share held); and

No. 33 on Preferred Stock of 1½% in cash (at the rate of 75 cents per share)

Will be paid on October 1, 1929 to respective stockholders of record at the close of business on September 5, 1929.

Robert Sealy, Treasurer

San Francisco, California
August 1, 1929

At a meeting of the Board of Directors of The Standard Oil Company of California, held this day, regular dividend No. 14, of Sixty Two and One-Half cents ($.62½) a share, was declared, payable on September 16, 1929, to all stockholders of record as shown by the transfer books of the Corporation in San Francisco and New York at the close of business on August 15, 1929.

STANDARD OIL COMPANY OF CALIFORNIA

KEEP POSTED

The books, booklets, circulars and special letters listed below have been prepared with the utmost care by business houses of the highest standard. They will be sent free on request, direct from the issuing houses.

PLEASE ASK FOR THEM IN NUMERICAL ORDER

We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

CORN PRODUCTS REFINING COMPANY
This company is discussed in a bulletin that Goodbody & Co., members of the New York Stock Exchange, have recently prepared. (563).

DETROIT AIRCRAFT CORPORATION
An analysis discussing recent important developments will be mailed upon request. (564).

CANADIAN NEWSPRINT STOCKS
The definite improvement in the newsprint industry is being reflected in newsprint securities. A. D. Watts & Co., members of the Montreal Stock Exchange, will send analyses gladly. (565).

A LIST OF HOLDINGS OF THE AMERICAN EUROPEAN SECURITIES CORPORATION
will be sent on request. This outstanding investment trust is listed on the New York Stock Exchange. (566).

EASTMAN KODAK COMPANY
An interesting circular on the strategic position of this company's securities listed on the New York Stock Exchange will be forwarded upon request. (567).

PEOPLES LIGHT AND POWER CORP.
As population grows, as new uses for power are found, public utility stocks will increase in value. The excellent profit opportunities of the Class A Common Stock of this corporation are pointed out in an attractive folder which will be sent gratis. (568).

Dividends and Interest

ARMOUR AND COMPANY

The Board of Directors of Armour and Company met on July 19th, and declared the following dividends:

ARMOUR AND COMPANY
(ILLINOIS)

A quarterly dividend (1¾%) on the preferred stock, payable Oct. 1, 1929, to stockholders of record Sept. 10, 1929.

ARMOUR AND COMPANY
OF DELAWARE

A quarterly dividend (1¾%) on the preferred stock, payable Oct. 1, 1929, to stockholders of record Sept. 10, 1929.

E. L. LALUMIER
Secretary

CRANE CO.

Dividend Notice

At a meeting of the Board of Directors July 16th, a quarterly dividend of one and three-quarters per cent (1¾%) on the Preferred Stock and one and three-quarters per cent (1¾%) on the Common Stock was declared, payable September 16, 1929, to Stockholders of record August 31, 1929.

H. P. BISHOP, Secretary.

July 16, 1929.

International Combustion Engineering Corporation

Common Dividend No. 35

A dividend of fifty cents per share has been declared on the common capital stock of this Corporation payable August 31st, 1929, to stockholders of record at the close of business on August 16th, 1929.

George H. Hansel, Treasurer.

New York, July 17, 1929.

INTERNATIONAL PAPER AND POWER COMPANY

Boston, July 10, 1929.

The Board of Directors have declared a quarterly dividend of sixty (60c) cents a share, on the Class A Common Stock of this company, payable August 15th, 1929, to Class A Common Stockholders of record, at the close of business August 1st, 1929.

Checks to be mailed. Transfer books will not close.

R. G. LADD, Assistant Treasurer.

The United Gas Improvement Co.

N. W. Cor Broad and Arch Streets

Philadelphia, Pa., May 24, 1929.

The Directors have this day declared a quarterly dividend of two and one-quarter per cent ($1.12½ per share) on the Capital Stock of this Company, payable September 30, 1929, to stockholders of record at the close of business August 31, 1929.

Checks will be mailed.

I. W. MORRIS, Treasurer.

TO THE STOCKHOLDERS OF SIMMS PETROLEUM CO.:

The Board of Directors of your Company has this day declared from the surplus profits of the Company a dividend of Forty Cents (40c) a share on the Capital Stock, to be paid on September 14, 1929, to stockholders of record as of the close of business Friday, August 30, 1929. The stock transfer books will not be closed.

SIMMS PETROLEUM CO.,
By Alfred J. Williams,
Treasurer.

Aug. 1, 1929.

Dividends and Interest

Childs

The Nation's Host • From Coast to Coast

DIVIDEND NOTICE

The Board of Directors of Childs Company has declared the following cash dividends, payable September 10, 1929, to stockholders of record at the close of business, 3 P.M., August 23, 1929.

On the preferred stock, a quarterly dividend of 1¾%.

On the no par value common stock, a dividend of 60c. per share.

The stock transfer books will remain open.

L. E. BUSWELL, *Secretary*
200 Fifth Avenue
New York

Borden's

COMMON DIVIDEND NO. 78

A quarterly dividend of seventy-five cents (75¢) per share of $25.00 par value has been declared on the outstanding common stock of this Company, payable August 31, 1929, to stockholders of record at the close of business August 15, 1929. Checks will be mailed.

The Borden Company
WM. P. MARSH, *Treasurer.*

MALLINSON'S
Silks and Fabrics de Luxe

H. R. Mallinson & Co., Inc.

299 Fifth Ave., New York City

July 24, 1929

Preferred Dividend No. 39

The Board of Directors of this Corporation has declared the regular quarterly dividend, No. 39, of 1¾%, on the preferred stock, payable October 1, 1929, to stockholders of record at the close of business on September 20, 1929.

E. IRVING HANSON, *Treasurer.*

THE DETROIT EDISON COMPANY

60 Broadway, New York, July 26, 1929.

A quarterly dividend of Two Per Cent. ($2.00 a share) on the Capital Stock of the Company will be paid on October 15, 1929, to stockholders of record at the close of business on September 20, 1929.

SAMUEL C. MUMFORD, Treasurer.

CHILE COPPER COMPANY

The Directors have this day declared a distribution of 87½ cents per share on the capital stock of the Company, payable September 30, 1929, to stockholders of record at the close of business on September 4, 1929.

C. W. WELCH, Secretary.

New York, July 25, 1929.

KEEP POSTED

The books, booklets, circulars and special letters listed below have been prepared with the utmost care by business houses of the highest standard. They will be sent free on request, direct from the issuing houses.

PLEASE ASK FOR THEM IN NUMERICAL ORDER

We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

"BUILDING A LARGER INCOME WITH SAFETY"

A 36-year old investment house has issued this booklet containing practical information on how to obtain the five cardinal qualities of safe and profitable investment. (285).

DIVIDENDS

A publicaton issued by Kidder, Peabody & Co. reviews financial conditions, recommends investment securities, and discusses matters of current interest to investors. (532).

FOUR-YEAR ANALYSIS OF FINANCIAL INVESTING CO. OF NEW YORK, LTD.

In charts, diagrams and statistical tables this booklet analyzes the first four years of operations of one of the older of American general management investment trusts. (533).

KEYSTONE INDUSTRIES

reviews monthly some phase of the leading natural resources of the Dominion of Canada. Issued by Williams, Brochu & Co., Inc., a prominent Montreal investment house. This circular will be sent gratis. (534).

BIGGER INVESTMENT RETURNS

A booklet issued by Babson's Statistical Organization explains their continuous working plan for your money and will be sent gratis. (536).

DIXIE GAS UTILITIES CO.

A resume of the securities of this public utility, traded on the Pittsburgh Stock Exchange, will be sent you without obligation. Send for 537.

CONSOLIDATED AIRCRAFT CORPORATION

A circular on the common stock of this corporation and its investment position has been issued by Pynchon & Company, members New York Stock Exchange. Your copy will be cheerfully mailed on request. (538).

FEDERATED CAPITAL CORPORATION

An investment trust of the British type. Earned 18.7% on average capital during year ended April 30, 1929, showing net profits of $910,288. Descriptive circular issued by P. H. Whiting & Co., which will be forwarded on request. (540).

SOUTHERN NATIONAL CORPORATION

Why the fifteen-year 6% Gold Debentures with stock purchase warrants attached are recommended by a leading stock exchange firm is explained in an interesting circular. (543).

OPPORTUNITIES IN RAILROAD STOCKS

Send today for the market letter issued by Newburger, Henderson & Loeb, which will offer you sound investment counsel regarding railroad issues. (552).

WHY WE CHOSE ATLANTA

See what Atlanta can mean to your business. Send for this free booklet giving the experience of more than 600 concerns now in Atlanta. (363).

PORT OF NEWARK

This booklet gives a most comprehensive description, not only of the Port of Newark, but also of the trading territory immediately adjacent to it. It is well worth reading for the information it contains. (410).

A 7% YIELD FROM FIRST MORTGAGES

on individual homes that do not exceed 50% of valuation is fully explained in a very attractive booklet—also how one may double his investment with absolute safety of principal in 10 years, 26 days. (415).

THE SAVINGS JOURNAL

published by the Greater Louisville Savings & Building, contains some salient points regarding B. & L. investments. If interested in B. & L. securities, you should send for your free copy. (503).

"HOW MUCH SHOULD I SAVE?"

This booklet presents a graphic answer to this question and offers three interesting plans for systematic savings, including charts and tables, showing accumulated interest on principal by years Ask for 507

TO OFFICERS OF CLOSE CORPORATIONS

A large trust company offers officers of close corporations a plan giving immediate and definite assurance that new interests will not buy into the business nor heirs suffer a financial loss on account of the death of a stockholder. Ask for booklet 510.

AIR NEWS

This interesting folder, published each week by W. S. Aagaard & Co., analyzes one of the leading aeronautical companies. Ask to receive your complimentary copy regularly. (547).

INTRODUCING CANADA TO NEW YORK

This booklet presents a graphic perspective of the profitable development of the natural resources in Canada. It contains 20 pages of interesting information. (548).

CANADIAN PUBLIC UTILITIES

Canada has almost unlimited water power, but the public utility stocks are relatively much lower than those in the United States. A. D. Watts & Co., members of the Montreal Stock Exchange, will gladly send recommendations and analyses. (549).

PROFITS IN AVIATION

is the title of a pamphlet prepared for distribution by Madden, Tracy & Co. It sets forth in brief the type of companies most likely to succeed in this fast-growing industry and gives a brief resume of a few of the leaders in the field. (550).

CANADIAN BANK STOCKS

are now selling at most attractive levels and offer investors an average yield of more than 4½%, safety and excellent prospects for capital appreciation. Send today for 24-page analysis. (551).

PUBLIC UTILITY MAP

We have prepared a map showing the territory served by the principal holding and operating public utility companies in the United States together with a chart which shows their corporate relationship and the gross earnings of each for the year 1928. Some 200 companies have been listed and the total gross of these exceeded $2,300,000,000. Send for your free copy (553).

EXCHANGE BUFFET CORPORATION

The common stock of this Corporation, listed on the New York Stock Exchange, is recommended by Millett, Roe & Co. Including disbursements made by its predecessor corporation, Exchange Buffet has a record of 114 consecutive quarterly dividend payments on its Common Stock. Send for the interesting circular outlining the position of these shares. (554).

SOUTHWESTERN SECURITIES

The Texas Southwest is the youngest and most rapidly developing region in America. Interest rates upon first grade Southwestern securities are ½% to 1½% higher than normally prevailing rates in more congested money markets because of rapid expansion and growing demands for capital. The Mercantile Bank & Trust Co. of Dallas, Texas, a member of the Federal Reserve System, will be pleased to send you their booklet, "Southwestern Securities." Ask for 555.

BORG-WARNER CORPORATION

Paul H. Davis & Co. have prepared an analysis on this Corporation containing their latest balance sheet and five months' earnings statement which will be sent free on request. (556).

A THIRD OF A CENTURY OF SOUND INVESTMENTS

This 16-page booklet should be sent for today. Issued by Clarence Hodson & Co., Inc., it outlines the growth of the House of Hodson and points out that the company has established, organized or financed 44 national banks, 6 state banks, 7 trust companies, 1 investment company and 4 insurance companies. Send for your free copy. (569).

CONVERTIBLE ISSUES

A pamphlet now in preparation describes the safety and profit factors in convertible securities and makes reference to current opportunities. Send today for 570.

AMERICAN CAR & FOUNDRY CO.

Analyzed in the latest weekly review of Prince & Whitely, members New York Stock Exchange. Copy upon request. (571).

CONVERTIBLE SECURITIES

In no other form of investment will you find the possibilities for profit that you find in Convertible securities. Newburger, Henderson & Loan has issued an interesting folder which points out the most promising of the convertible issues. Send for 572.

HYGRADE FOOD PRODUCTS CORP.,
PILOT RADIO TUBE CORP.,
NATIONAL CONTAINER CORP.

are all companies whose securities are analyzed in folders issued by Jerome B. Sullivan & Co. If interested in any or all of these companies, send for 573.

BREESE AIRCRAFT CORPORATION

The common stock of this corporation is analyzed in a folder issued by Madden, Tracy & Co. Send for gratis copy. (574).

MOTORIZING THE WORLD

Investors, bankers and business men interested in foreign trade will find information of value in this interesting booklet issued by General Motors Corporation. Send for 575.

CONVERTIBLE BONDS

J. R. Schmeltzer & Co., members New York Stock Exchange, have prepared a circular for distribution giving details on many attractive convertible issues. Send for your free copy. (576).